FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,828 Tuesday January 14 1986 D 8523 B

Hong Kong: A jolt for the family bankers, Page 18

W German builders hit 'cheap' labour

The West German building workers' union (IG Bau) is hoping that other cities will follow the example of Frankfurt in refusing to award public building contracts to companies using "cheap labour" from East Germany or other East European countries.

The union claims that about 2,000 East Germans and possibly another 2,000 men from Hungary, Romania and Poland are working at "cut rates" on building projects in West Germany.

Many work long hours and are housed apart from West Germans, according to the union. Page 3

Beirut fighting

Heavy fighting erupted among rival Christian militias in east Beirut as President Amin Gemayel arrived in Syria for vital talks on a militia agreement to end Lebanon'a civil war. Page 4

Yemen coup foils

South Yemen said its forces had foiled a coup attempt, including a bid to assassinate President Ali Nasser Mohammed. Four plotters, including Ali Ahmed Nasser Antar, vice president until early last year, have been executed.

Italy seeks Abbas

Italian magistrates investigating the hijacking of Italian cruise ship Achille Lauro asked for the extradition of Palestinian leader Abu Abbas, who was allowed to leave Italy after an aircraft in which he was travelling with the four hijackers was forced to land in Sicily.

Mandela appeal lost

The South African Supreme Court rejected an application by black nationalist Winnie Mandela against an official order barring her from the Johannesburg area. Page 4

British ship boarded

Iranian naval commandos boarded British cargo ship Barber Perseus off Oman and searched it for arms bound for Iraq. US Concern, Page 5

Lagos transfer

Nigerian military leader General Ibrahim Babangida said his government would hand over power to civilians by October 1 1990.

Grenada arrests

Police in Grenada, which US President Ronald Reagan is to visit in six weeks to confer about security with Commonwealth Caribbean leaders, arrested 13 men for conducting illegal military training. Page 5

Manila 'commitment'

Cardinal Jaime Sin, Archbishop of Manila, said he had secured a commitment from top generals not to intervene if the result of next month's elections in the Philippines was not to their liking.

France holds police

Three Swiss police officers were held for investigation in Mulhouse, France, after three Yugosolav gypsies were shot and injured in a car chase that criss-crossed the border between France and Switzerland.

Rebels 'kill 235'

Mozambican right-wing rebels said they had captured the town of Marromeu in Mozambique's central Sofala province and killed 235 government and Zimbabwean troops.

$50m drugs haul

Police at the Belgian port of Antwerp said they had found two tonnes of marijuana with an estimated street value of about $50m.

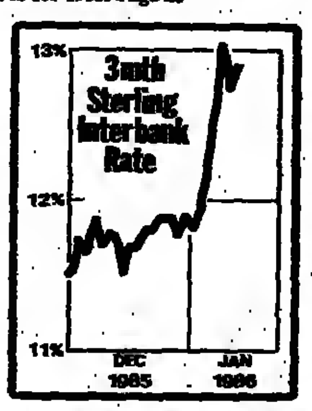
Snow closes tunnel

The Mont Blanc tunnel joining France and Italy was closed to traffic after a heavy snowfall blocked the road.

US banks report higher earnings

J. P. MORGAN and Chase Manhattan, US banks, reported higher fourth-quarter earnings and sharply improved full-year net income after boosting loan-loss provisions. Page 21

CADBURY Schweppes, the British soft drinks and confectionery group, is in an advanced stage of negotiations for an £82.5m ($119m) management buy-out of its UK beverages and foods division. The company also said that its North American operation would report a loss for 1985. Page 20



STERLING lost 1.15 cents against the dollar in London to $1.443. It was unchanged at DM 3.5725 and rose to FFr 10.98 (FFr 10.93), SFr 3.04 (SFr 3.025) and Y295.0 (Y293.95). the pound's exchange rate index fell 0.5 to 78.1. Page 37

DOLLAR finished firmer in London, closing at DM 2.4835 (DM 2.4555), FFr 7.55 (FFr 7.515), SFr 2.094 (SFr 2.0795) and Y202.75 (Y202.1). On Bank of England figures the dollar's index rose to 126.6 from 125.2. Page 37

GOLD rose $0.25 on the London bullion market to $341.00 but fell $0.65 in Zurich to $339.60. In New York the February Comex settlement was 341.40 Page 36

LONDON: Equities and gilts turned lower over interest-rate anxiety. The FT Ordinary index fell 11.0 to 1,108.8 and the FT-SE 100 shed 9.9 to 1,384.6. Page 44

WALL STREET: The Dow Jones industrial average closed up 7.00 at 1,520.53. Page 44

TOKYO: Shares extended losses with the Nikkei average 21.19 lower at 12,977.02. Page 44

FRENCH INFLATION fell to 4.7 per cent last year from 6.7 per cent in 1984. This was the lowest annual rate since 1967, according to estimates from Insee, the government statistics institute.

BRITAIN and France appear to have ruled out the EuroRoute tunnel and bridge scheme but are still divided on which of the remaining two projects to choose for the cross-English Channel link. Page 21

CANADA: Imports took a record 32 per cent of the country's car market last year. The South Korean manufacturer Hyundai captured 22 per cent of this share. Page 6

COLOMBIA has nationalised the country's biggest commercial bank, the troubled Banco de Colombia, and three financial companies. Page 21

SOVIET oil output fell short of its goal in 1985 for the fourth successive year and is behind its target for 1986. Page 2

PECHINEY, French state-owned metals groups, is joining with Kawasaki Steel in a $50m venture to produce magnets in Japan. The country is the world's biggest market for magnets. Pages 20, 21

VOLVO of Sweden is to close permanently its bus assembly plant at Chesapeake, Virginia later this year and will stop selling buses in the US after current orders are completed. Page 21

COMPAGNIE Financière de Suez, French state-owned holding company, is preparing a financial operation that could pave the way for the entry of private capital into part of the group after the March general elections. Page 21

Westland postpones shareholders' vote on rescue plan

BY LIONEL BARBER, BRIDGET BLOOM AND PETER RIDDELL IN LONDON

THE BOARD of Westland, the UK helicopter company, announced last night that it was postponing today's scheduled extraordinary general meeting of shareholders until Friday. Today's meeting had been due to vote on the rescue plan involving Sikorsky of the US and Fiat of Italy.

The decision to postpone the meeting was taken after a day of hectic activity in the City of London and at Westminster during which, according to Sir John Treacher, Westland'a vice chairman, such interest was shown in the meeting by so many of the company'a 12,000 small shareholders that a bigger venue had to be found.

Friday's meeting will be held at the Albert Hall in Kensington, London, which seats about 4,500 people, whereas the original venue, the Connaught Rooms in London, only seats 1,200.

"We reckoned we just could not pack all the shareholders in at the Connaught," said Sir John. He pointed out that if any shareholders wanting to attend the meeting were unable to do so, the meeting would be technically invalid.

The board also appears to believe, however, that an adjournment of today's meeting and therefore a postponement of the vote on the board's favoured Sikorsky/Fiat rescue plan is likely to help its cause.

Sir John Cuckney, Westland's chairman, intends that Friday's agenda will the same as the one proposed for today's scheduled meeting. That means that shareholders will be asked only to vote on the Sikorsky/Fiat plan and not the rival European aerospace consortium offer. A 75 per cent-majority vote is necessary if the US-Italian offer is to be approved.

The European consortium comprises British Aerospace and General Electric Company of the UK, Agusta of Italy and Aérospatiale of France. Last night, Mr David Horne, managing director of Lloyds Merchant Bank, advising the consortium, said the adjournment was a complete surprise.

"We're still considering this news, but it looks as if the Westland board is buying time," he said.

Sir John and his merchant bank advisers, Lazard Brothers, spent most of yesterday lobbying institutional shareholders in a last-minute effort to swing them round to the Sikorsky-Fiat plan. But the opposition of Mr Alan Bristow, the British former helicopter operator holding 12 per cent of the shares, and the UK company United Scientific Holdings (5 per cent) had let the outcome of today's scheduled vote uncertain.

A second dramatic twist came yesterday when Robert Fleming Investment Management, Westland's second-largest shareholder, sold a 9 per cent block of shares to an unnamed buyer at 125p a share, well above yesterday's market price in London of around 90p.

Rowe & Pitman, Westland's brokers, purchased the shares on behalf of the buyer but refused to comment on whether the buyer supported the Sikorsky/Fiat plan or backed the rival rescue offer of the European consortium. This has already been rejected by the Westland board.

Sir John Treacher, while declining to identify the buyer, said he was encouraged by yesterday's developments, particularly after last week's show of overwhelming support from the company's workforce in Yeovil, south-west England, for the Sikorsky/Fiat rescue, as well as a steady flow of shareholders' proxies in favour.

Mr Bristow said yesterday that he had received offers from Rowe & Pitman to buy his 12 per cent share

Continued on Page 20

Men and Matters, Page 18; Lex, Page 20

Japanese businessmen agree on need to reflate

BY NICHOLAS COLCHESTER, FOREIGN EDITOR, IN LONDON

A VISITING group of high-level officials and businessmen from Japan yesterday agreed that the Japanese Government must stimulate domestic demand and boost Japan's propensity to buy from abroad. That was the main recommendation in the communique of the UK-Japan 2000 group that met in Britain over the weekend.

The Japanese membership of this group, set up by the prime ministers of the two countries in 1984 to improve understanding and co-operation, was notably influential. It included the top executives of the Bank of Tokyo, Toyota Motor Corporation, Nippon Electric and Suntory, and senior Japanese civil servants. It was, according to Mr Tadao Kato, the former Japanese ambassador to the UK and the joint-chairman of the group, the strongest such team currently fielded by Japan to improve bilateral relations.

Their unequivocal agreement that Japan must reflate and take other measures to reduce its $50bn current account surplus comes just a week before the Group of Five industrial countries meet in London to discuss further co-ordination of their economic policies.

Mr James Prior, the Member of Parliament and GEC chairman who was the British joint chairman, pointed out that three Japanese members were in a particularly strong position to influence Japanese government policy.

Mr Hiroshi Hosomi, the head of Japan's aid programme; Mr Isamu Miyazaki, the chairman of the Daiwa Securities Research Institute; and Mr Takashi Mukaibo, - the chairman of Japan's Atomic Energy Commission; are part of an advisory group established last October to advise Prime Minister Yasuhiro Nakasone how the structure of the Japanese economy can be changed to meet expectations abroad and to achieve a greater balance in trade. The advisory group will report to the Japanese Prime Minister in March, in time for this year's economic summit, which takes place in Tokyo in May.

At a press conference yesterday, Mr Kato said that opening the Japanese markets to imports would not by itself make much difference to

Continued on Page 20

Nakasone in Canada, Page 5

UK experts to draw up plans for global trading of shares

BY ALEXANDER NICOLL IN LONDON

A WORKING PARTY including some of the most important figures in London's international financial markets is to consider how to establish a market in globally traded shares that will meet the new regulatory requirements arising out of the City's "Big Bang" restructuring this year.

The 10-member group is being set up jointly by the London Stock Exchange and the International Securities Regulatory Organisation, a body founded last year to be a regulatory umbrella for international securities such as Eurobonds which, although centred largely in London, are traded outside the stock exchange.

The exchange has announced plans to establish a market in internationally traded equities as part of its reformed structure due to take effect in October. But it has had to face the fact that a market has already developed away from stock exchanges, as international dealers trade the shares of the world'a biggest companies around the world in a round-the-clock telephone market.

London-based dealers form an important link in the global chain. But to continue doing such business in London, they must assure the Securities and Investments Board, the key regulatory body, that they are operating with efficient clearing and settlement systems as well as properly displayed price information. The stock exchange has clearing and price dissemination systems in place and is developing improved technology.

The decision to set up a joint working group thus appears to meet the two bodies' complementary interests, as well as representing a compromise between what might be conflicting attempts to establish markets in globally traded shares.

Sir Nicholas Goodison, stock exchange chairman, and Mr Ian Steers, chairman of ISRO, said the committee would consider how to structure the market "for the benefit of all participants."

ISRO has appointed five of the most senior practitioners in international securities markets to serve on the committee, which meets for the first time on Friday. They are Mr Archibald Cox of Morgan Stanley, Mr Andrew Large of Swiss Bank Corporation, Mr John Sanders of S. G. Warburg, Mr H. Tonomura of Nomura International, and Mr Stanislas Yassukovich of Merrill Lynch.

The stock exchange's team will be led by Mr Stephen Raven, of Rowak, the international dealership firm set up by stockbrokers Rowe and Pitman and jobbers Akroyd and Smithers, both of which are joining Warburg in a new conglomerate. The rest will be drawn from the exchange's international markets committee.

Mr Steers said the group would "would look de novo at the international equities market, without being prejudiced by anything that has happened in the past."

The establishment of a working party, however, does not yet represent a formal decision to found jointly a Recognised Investment Exchange – the technical term for an individual securities market in the new city structure. That will depend on the outcome of the group's discussions.

Continued on Page 20

BAT to sell US retailers for $600m

BY DAVID GOODHART IN LONDON

BAT INDUSTRIES, the tobacco, retail and financial services conglomerate and one of the UK's largest companies, is planning to sell just under half of its retailing business in the US for about $600m.

The expected proceeds from the sale will be used to cut into BAT's worldwide debt which, at the end of 1984, stood at £2.5bn ($3.6bn). However, the company indicated yesterday that it might spend some of the money acquiring a finance-based business in the US.

The retail business represented just over half of BAT's total $6bn annual sales in the US in 1984. The 93 stores now on the market accounted for sales of $1.3bn out of total US retail turnover of $3.3bn.

The company said it was already in negotiation with several possible purchasers of the four department store chains it is selling: Gimbels stores, Kohl's stores, Frederick and Nelson and Crescent department stores.

The rationale for the sale is that the four chains do not have the required potential for organic growth. BAT said that while the remaining US retail interests produced a profit in 1984 of about $150m, those now for sale did no better than break even.

The five businesses and 175 outlets being retained – Saks Fifth Avenue, Marshall Field's, Ivey's, Breuners and Thimbles – are broadly up-market of those which are being sold and, according to BAT, have been able to avoid the worst impact of price-cutting becauuse of their market leadership.

Batus, BAT's wholly owned US subsidiary, is also closing its retail head office in New York as part of the rationalisation. The five companies will now report direct to the Batus headquarters in Louisville, Kentucky.

Mr Arnold Aronson, the chairman and chief executive of Batus Retail; Mr Ronald Ruskin, the president; and Mr Joseph Berzok, the vice chairman; will all be leaving the company when the sales are complete, which is expected to be in the next few months.

There will be an estimated net loss on the sale of $175m against the book value of the four businesses of $800m. But the company expects an increase in pre-tax profit and a substantially higher rate of return on Batus's investment in retailing.

Mr Patrick Sheehy, chairman of BAT Industries, said: "The decisions announced mark an important step in this group's strategic development. Retailing is one of the four major business areas to which we are committed, along with tobacco, paper and financial services. But we also believe in the merits of concentrating, within those business areas, on strong names and proven success."

The market in London greeted the announcement with a 13p boost to the BAT share price, which closed at 323p.

Lex, Page 20

Montedison issue to raise L500bn

BY ALAN FRIEDMAN IN MILAN

MONTEDISON, Italy's leading chemicals group, is working on plans for a big capital increase of around L500bn ($296m) to be achieved by a rights issue of ordinay shares and non-voting saving shares.

The rights issue, which is expected on the Milan bourse this spring, is believed to have been discussed yesterday at a board meeting which reviewed the group's 1985 results, but no formal announcement was made. The funds would probably be used to reduce Montedison's group debt of more than $2.5bn.

Meanwhile Mr Gianni Varasi, whose minseweeper and paint manufacturing company last November became the largest single Montedison shareholder by acquiring 10 per cent of Montedison shares from the Gemina holding vehicle, was yesterday appointed group vice-president and a member of the executive committee.

Montedison also said its 1985 consolidated group turnover rose by 14.7 per cent to L14,200bn. The group is expeced to make a 1985 consolidated net profit of more than L100bn and might pay its first dividend after a decade of losses.

Mr Mario Schimberni, Montedison chairman, last summer braved serious criticism by Gemina, the Shell company that is controlled by Fiat, Pirelli and others and which until November was Montedison's key shareholder. Gemina's anger was incurred when Mr Schimberni took over the BI-Invest industrial

Continued on Page 20

Room at the top campaign for Italian women

By Alan Friedman in Milan

MR BETTINO CRAXI, the Italian Prime Minister, joined forces yesterday with Ms Marisa Bellisario, the managing director of the Italtel state telecommunications group and Italy's most famous female company leader, to announce a series of important initiatives designed to improve the lot of women in Italian public life.

The measures, which include what the Americans would call affirmative action projects, will see work undertaken this year to advance the role of women at Banca Nazionale del Lavoro (BNL), Italy's largest and state-owned bank, at Italtel and inside the regional government of Lombardy.

Italy, as Mr Craxi pointed out in Milan yesterday, is all too often a nation where "the man is privileged and the women is discriminated against." The truth is that in much of Italian life the women may be seen as a mother, as a wife, as a sex object, but not as a public leader or role-model in walks of life such as politics, finance, industry, medicine or law.

Yesterday Dr Nerio Nesi, the chairman of BNL, joined with Mr Craxi, with Ms Bellisario and several leading women to launch Woman and Technology, a project under the aegis of the national commission for equality between men and women, to produce some concrete results for women's rights by the end of the year.

The dynamic Ms Bellisario is one of the women to reach the top ranks of Italian public life. Another is Ms Nilde Jotti, the Communist MP who is President of the Chamber of Deputies. But they are exceptions.

Some progress has been made – whereas in 1973 women made up 28 per cent of the national workforce, the figure in 1983 was 32 per cent. In industry, however, women in 1973 accounted for 21.7 per cent of jobs at all levels. The figure in 1983 was 23.5 per cent.

The Bellisario project will create a study at Italtel to "correct the constraints that hamper the professional upgrading of low-skilled women." It will also identify at BNL "the mechanism that limits the professional development of young graduate women." The Lombardy regional government section will "highlight the career difficulties of women."

Ms Bellisario yesterday hoped that the project would stimulate action on the part of "the big private sector companies who are not represented here."

CONTENTS

Portugal's presidential campaign shifts into top gear

PORTUGAL'S presidential election campaign has shifted into top gear as the five candidates barnstorm the provinces, writes Diana Smith in Lisbon. For the first time in 60 years there is no military canadidate. This is interpreted as a sign that Portugal's 12-year-old democracy has matured since the last presidential election in 1980 when the two main contenders were army generals.

No candidate is likely to win an absolute majority in the first round on January 20, a run off is scheduled for February 16.

The conservative candidate, Prof Diogo Freitas do Amaral, former leader of the Christian Democrat Party, is heavily backed by most of the ruling Social Democrats and will probebly win more easily the second round with about 40 per cent of the vote on January 26. Less clear is the fate of the three contenders vying for left-of-centre votes, which cover the largest share of the Portuguese electorate.

Mr Mario Soares, who has suspended his functions as secretary general of the Socialists to run as an independent; Ms Maria de Lurdes Pintasilgo, an independent chemical engineer and left-wing Roman Catholic intellectual; and Mr Francisco Salgado Zenha, a Socialist lawyer who is being groomed by the staff of the outgoing Presidant Antonio Romalho Eanes, are all running close in the opinion polls with between 16 and 20 per cent of the votes.

There are important differences between them. Moderate voters are more likely to opt for Mr Soares, fervent advocate of the European Economic Community and champion of parliamentary democracy. The Portuguese Communist Party, which considers him an enemy, would be unlikely to back him in either the first or the second round, but many Social Democrat voters may help him to get through to the run-off by voting for him in the first round rather than for the conservative candidate.

Mr Salgado Zenha, once a close ally of Mr Soares but estranged since 1980 when he backed Gen Eanes against Mr Soares's wishes, is strongly backed by the Communists, who hava half-heartedly fielded e candidate of their own basically to use free broadcasting time to recommend a vote for Mr Salgado Zenha. The latter's style is somewhat abrasive so he has not attracted massive support from the kind of voters Gen Eanes and his party, Democratic Renewal, hope to woo.

Meanwhile, Ms Pintasilgo treads a lonely road with no party backing, but some sympathy from disaffected, low-income voters who feel the established parties have sold them short. Whether she can attract moderates is moot: she has strongly activist views of the presidency and claims she would dismiss any government which did not follow her policy guidelines.

● Parliament has approved a supplementary 1985 budget presented by the Social Democrat minority government only after slashing nearly Es 60bn (£263m) from it. The revised budget deficit for 1985 will now be about Es 400bn.

Prof Freitas do Amaral (right): strong backing

Lisbon floods impoverished regions with EEC funds

Diana Smith assesses the potential impact of accession to the Community

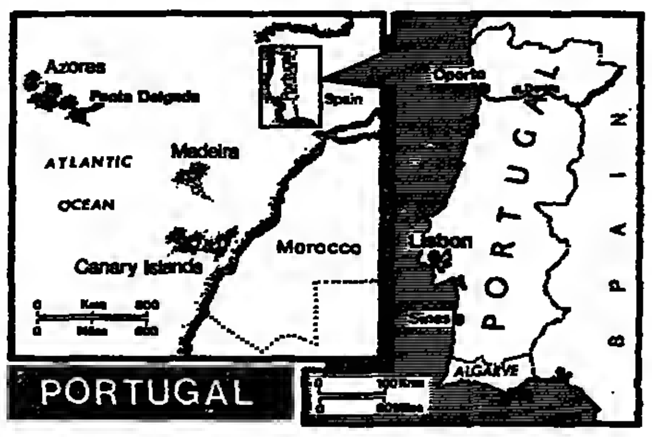
OLD MEN in black ride their gaunt mules over dusty, pitted country tracks. Chattering women pound their washing on the rocks by the river bank. A farmer hunches over his hand-plough. After sunset, he and his family will sit in a damp, dark cottage with no sanitation, no running water or electricity.

This is picturesque to tourists, but for millions of Portuguese who live in the impoverished hinterland, it is a hard life, caused by a chronic lack of funds and regional planning from which the Portuguese state has suffered for generations.

The era of regional deprivation is now ending, with the accession to the European Economic Community on January 1. Portugal can now tap into the Community's Regional Development Fund (Feder) to the tune of about Ecu 300m (£180m) e year.

The Fund was designed when the Community had six members, to help needier regions modernise, introduce industry, tourism and small businesses and improve infrastructure. Portugal as a whole is a needy region. The variety of projects alreedy approved in Brussels for 1986 illustrates how much naeds to be done, especially in infrastructure.

Once the Government introduces its new, simplified incentive system, small and medium businesses will also he able to submit Feder projects. At the moment, only the central administration, local authorities or state-owned corporations are tapping regional funds channelled through a new ministry, specially designed for European accession.



The Ministry of Planning and Territorial Co-ordination is headed by Prof Luis Valente de Oliveira, an energetic northerner, who for some years has been responsible for regional planning in this rapidly-industrialising area.

So far Portugal has preseoted Feder projects calling for total investment of Es 70bn (£307m). Of these, energy supplies and road or port works account for Es 31bn, while other important items are basic sanitation and education, ebsorbing about Es 3.5bn.

Projects approved for 1986 cover major highway improvements — a boon in a country which unlike neighbouring Spain was sluggish ebout investing in better roads — new road access to tha Algarve resorts.

They also cover e new railway bridge over the River Douro in the north, port works in Yiero in the north, to turn it into a commercially-viable port, and in the remote islands of the Azores.

The regional government was the only official Portuguese body to ceremonially hoist the EEC flag and publicly celebrate eccession day.

The impoverished Azores will also benefit this year from Feder through financing for the airport at Ponta Delgada, capital of the archipelago. The Azores have been totally neglected by past regimes, with only a moderate improvement in the flow of funds since Portugal became a democracy in 1974. The local government is particularly keen on European accession and the opportunities it is bringing for development of these strikingly-beautiful volcanic islands.

Projects this year also include irrigation systems in the east of mainland Portugal to encourage new agriculture, hydroelectrie plants and the third stage of the new coal-fired power station in the south at Sines, water supply for three towns — Oporto, Portugal's second city and hub of private industry; Peniche, a fishing port north of Lisbon; and Castro Verde, in the hinterland.

Feder funds are only part of Portugal's entitlement. Because of its status as the Community's poorest new membar it will receive balance-of-payments support and special agricultural and fisheries funds, often in the form of grants as well as loans, from the EEC Commission or the European Investment Bank.

In 1986 all this assistance should total Ecu 1bn. Though the Portuguese Government must also find funds for development to share the cost with the EEC, the Community will contribute 55 per cent costs for most Feder projects, compared with 50 per cent for other member countries, and up to 75 per cent of costs for many agricultural projects.

At this rate, in a few years' time farmers may be less poor end enjoy running water and electric light in their modernised cottages. The women who now thrash their threadbare sheets against the rocks may find jobs in new regional factories and be eble to save up for e washing machine.

Bid to end space station deadlock

By Peter Marsh

THE heads of the US and European space agencies are due to meet in Washington today in an effort to thrash out differences over the design of the $12bn international space station planned for the 1990s.

Dr William Graham, acting administrator of the US National Aeronautics and Space Administration, and Professor Reimar Luest, director general of the European Space Agency, are to try to resolve a dispute over the degree to which the proposed European part of the station should be integrated with the US core.

The orbiting outpost is due to be built by a US-led consortium, involving Japan, Canada and the 11 nations of the European agency.

The US insists that the Columbus laboratory which Europe will build as its part of the venture should be a permanent component of the station. ESA officials want it to be free to drift into orbit autonomously during the life of the orbiting base. This would entail Columbus having its own propulsion system which would give Europe the experience to develop a separate space station should it wish to do so in the future.

Views on the issue were aired at e two-day gathering between Nasa and ESA in Washington just before Christmas, without any eign of a compromise.

Further meetings between officials from the two agencies are likely over the next few weeks in an attempt to resolve the impasse by March in order to keep to Nasa's timetable for the station. Under Nasa's plans, the US would contribute $8bn of the cost, with the other countries putting up about $4bn. The station would have accommodetion for up to eight astronauts and laboratories for scientific experiments.

Nasa, meanwhile, is having problems over the station on another front, which could lead to a postponement of the planned date for operating orbiting base.

The White House office of management and budget is suggesting that funds for the programme should be cut as part of the effort to reduce the US budget deficit.

Soviet oil output again falls short of targets

BY OUR MOSCOW CORRESPONDENT

SOVIET OIL output, below planned levei since 1981, missed targets for the fourth year running in 1985 and is already lagging behind for 1986, according to Pravda, the Commmist party newspaper.

Pravda focused its criticism on the Tyumen region of western Siberia, which accounts for about 60 per cent of estimated Soviet production of some 12m barrels a day.

It noted bluntly that "last year's plan was not fulfilled" in the oil industry. Decisions to improve matters have been taken by the Oil Ministry and related institutions, but it said that "so far, there is little return from them."

As production has fallen, so have the heads of oil-related ministries. Last week-end the authorities announced the retirement of the 78-year-old Minister for Chemical and Petroleum Machine Building, Mr Konstantin Brezhov, who had been in the job since 1965, was replaced by Mr Vladimir Lukyanenko, a 48-year-old Ukranian engineer who has spent most of his working life in a machine-building plant. His age and background are typical of the men who have risen under Mr Mikhail Gorbachev, the Soviet party leader.

Some of the sharpest criticism of the oil industry has focused on equipment for drilling and processing. Last week three workers from Tyumen made this their main complaint in a long article in the government newspaper Izvestia.

A Tyumen Communist party official was quoted as saying that equipment needed to open 18 new oil deposits is being delivered too slowly and that roads to new wells will not be reedy in time to meet plan targets.

The newspaper Sovietskaya Rossiya said oil workers would compensate for the loss of the new wells by increased production from old deposits — a method it said only aggraveted the overall fall in output in previous years.

Pravda gave no figures for actual oil production last year, officially targeted at at 630m tons. Output for the first nina months of 1985 declined by 3 per cent to 445m tons compared with the same period in 1984. Soviet oil output declined for the first time on a year-to-year basis in 1984, falling to 613m tons from 616.3m tons in 1983.

The Soviet Union is one of the world's largest producers of oil and natural gas and earns much of the hard currency it needs for grain and high technology imports from energy sales. Natural gas output has continued to grow strongly. It increased to 587bn cubic matres in 1984, the last year for which figures are available, from 536bn cubic metres the previous year.

● Several Communist perty officials are reported to have been sacked for abuse of power in the Ukraine, one of the few Soviet republics not to have undergone sweeping personnel changes, Reuter reports.

Pravda said e meeting was convened in Kharkov, the republic's second largest city, to discuss mistakes in the running of the region's economy and "violations of party discipline."

SAS flights curbed

The Norwegian Government has refused to intevene in the "go slow" among Scandinavian Airlines Systems maintainence technicians here, writes Fleming Dahl in Oslo. The airline has had to cancel several flights most of them domestic, as a result of the dispute

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Builders union calls for ban on 'cheap' E European labour

BY JOHN DAVIES IN FRANKFURT

THE WEST GERMAN Building Workers' Union, IG Bau, is hoping that other cities will follow the example of Frankfurt in refusing to award public building contracts to companies using "cheap labour" from East Germany or other East European countries.

The union claims that about 2,000 East Germans and possibly another 2,000 men from Hungary, Romania and Poland, are working at "cut rates" on building projects in West Germany. Many work long hours and are housed apart from West Germans, according to the union.

After a vocal campaign, IG Bau has won a major victory in Frankfurt, where the city authorities have tightened the conditions under which work on public building projects can be sub-contracted. The effect is expected to be to block the use of East European building workers on public projects, unless they have special skills not otherwise available.

Mr Walter Wallmann, Frankfurt's mayor and a prominent member of the Christian Democratic Union (CDU), yielded to the union's demand for action because of high unemployment among local building workers. The move was not a "protectionist" one, but was to remove a "competitive distortion in the labour market," he said.

A union official said yesterday that East Europeans were working at "dumping prices" of DM 10 to DM 15 ($4 to $6) an hour less than West German building workers.

He said that the biggest concentration of such labour was in the Rhine-Main area, where about 500 East Germans were working on projects, including one at Frankfurt airport. "They live in sealed-off barracks during the week, they have hardly any contact with other people and they go home to East Germany by bus at the weekend," he said.

The East European authorities were helping to organise such labour to obtain Western currency, the union official said.

The number of workers coming from East Germany was tending to increase, although the number from other East European countries was declining, he said.

East Germany was taking advantage of Bonn's insistence that East Germans have all the rights of West German citizenship.

The East Germans were "politically calculating", indicating that the problem would not be so difficult for West Germany if it regarded East Germany as a totally separate nation and treated East Germans as foreigners.

IG Bau hopes that Frankfurt's move will act as a "signal" to other cities. The union claims to have previously won an assurance that Hamburg, which is governed by the Social Democratic Party, will take similar action.

● Trade union officials, meanwhile, have voiced regret that Mr Wallmann was jostled by militant unionists at a reception at the Frankfurt offices of the Trade Union Federation (DGB) at the weekend.

The incident, widely publicised in West Germany, underlines the rising temperature of debate over the Bonn Government's plans to tighten the circumstances under which workers laid off as a result of strikes can get unemployment benefits.

German trade surplus record

By Our Frankfurt Correspondent

WEST GERMANY'S visible trade surplus soared last year to a record DM 72.3bn ($29.5bn) after DM 58.1bn in 1984, buoyed by a surge in exports of 7.2 per cent in real terms.

This strength of foreign demand was the main reason that gross national product grew by a real (inflation-adjusted) 2.5 per cent, just below the 2.7 per cent achieved in 1984.

The Federal Statistical Office also announced yesterday that private consumption last year rose by 1.7 per cent, although investment in machinery and equipment jumped by 8.8 per cent.

The outlook for this year is for real GNP growth of at least 3 per cent, with an increase in consumer spending more than compensating for slackening export demand.

Factors encouraging a rise in consumer demand include low inflation (likely to be about 2 per cent at an annual rate) and income tax reforms this year which are putting more cash in private hands.

BIGGEST GERMAN BANK 'DEBACLE' SINCE HERSTATT COLLAPSE

Former executives of SMH on trial for 'breach of trust'

BY JONATHAN CARR IN FRANKFURT

THREE FORMER senior officials of a West German bank which came close to a spectacular collapse in late 1983 have said they long feared the institute had been overlending and had raised objections.

But the three also told a court in Frankfurt yesterday that they had been unaware of the full extent of the problems afflicting the bank, Schröder, Münchmeyer, Hengst (SMH).

Mr Hans-Hermann Münchmeyer, aged 44, declared he had lost a "double digit" sum of millions of D-Marks through the affair and Mr Wolfgang Stryj, aged 48, said he was now "without wealth and income."

Both men are former partners of SMH, which had lent close to DM 1bn ($408m) to IBH, a tottering building-machinery concern which later went bankrupt. SMH was saved from a crash by a joint rescue mounted by other German banks and ultimately costing more than DM 800m.

Along with two other partners, Count Ferdinand von Galen and Mr Hans Lampert who will face the court on January 23 are charged with fraud and breach of trust.

The third man to appear in court yesterday, Mr Ralf-Rene Lucius, a former senior employee at SMH, is charged with aiding and abetting to defraud.

In an hour-long statement of the charges, the prosecution said that the total cost of the damage caused through the SMH debacle could be put at "well over DM 1bn."

Initially, the prosecution said, the federal credit supervisory authorities had been misled over the true extent of SMH's credit exposure to IBH.

Although under the then-existing credit law (which has since been toughened) a bank could not lend more than 75 per cent of its capital to a single customer, SMH with capital of DM 110m had put up nearly DM 1bn for the IBH group.

The prosecution charged that SMH had misled other banks through which it had helped refinance its involvement with IBH. It also said SMH had helped bring shares of an IBH subsidiary to the bourse, despite knowing that the firm's prospectus contained false information.

The SMH affair is considered the biggest German banking debacle since the collapse of Bankhaus Herstatt in Cologne in 1974. It cost more than a score of other German banks dear and put a new head of steam behind existing plans to tighten credit law.

SMH had long been seen as a particularly dynamic and prestigious private bank and its senior partner, Count von Galen, was president of the Frankfurt Stock Exchange until his institute nearly crashed. Count von Galen has been under investigatory arrest in a Frankfurt jail for 13 months and judicial authorities have refused a sum of DM 10m for bail offered by his family and friends.

● The trial of four West German executives charged with illegal arms exporting began in Düsseldorf yesterday and was promptly adjourned until tomorrow following technical objections by defence lawyers.

Facing the court are four managers of the arms company Rheinmetall who are accused of supplying weaponry to foreign states – including Argentina and South Africa – without the necessary authorisation.

The Düsseldorf public prosecutor began investigations seven years ago and finally laid charges in 1983. Rheinmetall has denied any wrongdoing.

Norway's bank chief attacks credit curbs

BY FLEMING DAHL IN OSLO

NORWAY'S new credit regulations will have only a marginal effect, according to the country's central bank governor, Mr Hernod Skaanland. It is "regrettable," he says, that the Government has been "forced to retreat" from its efforts to liberalise its credit policy.

In its attempt to slow bank lending through increased interest rates, the Department of Finance last week increased the minimum reserve requirement from 15 per cent to 17 per cent for both commercial and savings banks, which will put pressure on profits.

A new supplementary reserve requirement was also introduced, which will effectively tax banks in direct relation to the amount by which they increase their lending each quarter.

Lending by non-life and finance companies will be regulated and the primary reserve requirement on finance companies' factoring and leasing activities will rise from 11 per cent to 14 per cent.

The move followed a substantial rise in bank lending in 1985. Figures at year end showed that Norwegian banks had arranged loans at a total value of NKr 50bn (£4.8bn) against the Government's target of NKr 33bn.

Mr Rolf Presthus, the Finance Minister, said the growth in credit had to be checked in order to reduce inflationary pressures in the economy.

Mr Skaanland said yesterday he would rather have seen lower public spending and a slower growth of wages this year as an attempt to solve the country's economic problems.

The new regulations would dampen demand for loans temporarily, Mr Scaanland said, but they would eventually lose impact because loans would be obtained from other sources than the banks.

High state spending and high demand for investment capital had led to the unprecedented growth in the volume of credit available, he added. He expected continued pressure on the credit market this year, saying it was lamentable that efforts to liberalise credit policy were implemented during a high-growth period of public spending.

Yugoslavia resumes loan talks

BY ALEKSANDAR LEBL IN BELGRADE

A SENIOR World Bank official, Mr Eugenio Lari, is today to resume the negotiations for a $250m structural adjustment loan (SAL) that broke down late last year over differences between the Bank and Yugoslavia on interest rates and imports rules.

Yugoslavia has welcomed previous SALs as enabling companies to import vital equipment and commodities needed for export production. But the World Bank is known to have reservations about Yugoslavia's new imports regime this year, in particular about companies' access to foreign exchange being dependent on their level of exports. The Bank feels this could frustrate some of its projects in Yugoslavia.

The other Bank demand – that Yugoslavia introduce positive bank interest rates above the level of inflation – is already the subject of dispute between the International Monetary Fund and Yugoslavia, which has for this month frozen interest rates below the 80 per cent inflation rate. Yugoslav and IMF officials are due to meet later this month to try to reach a compromise.

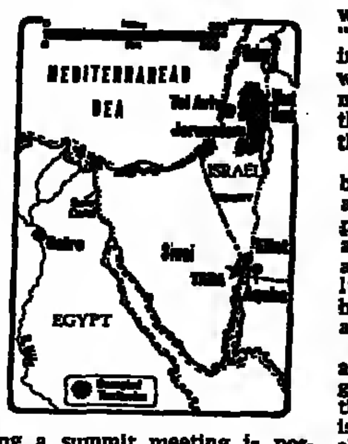
OVERSEAS NEWS

Peres and Mubarak may meet as Taba arbitration agreement near

BY TONY WALKER IN TEL AVIV

ISRAELI OFFICIALS are preparing for o summit meeting between Prime Minister Shimon Peres, and Egypt's President Hosni Mubarak, pending Egyptian acceptance of Israel's terms for settlement of a territorial dispute in the Sinai.

Israel's Cabinet, in a marathon session which began on Sunday evening and continued for 12 hours, agreed unanimously in the end to a package of measures to resolve the Taba question which has blocked normalisation of relations with Egypt.



Sunday night's Cabinet meeting was an acrimonious affair, according to reports in the Hebrew press. There were bitter exchanges between Mr Ariel Sharon, the hawkish Trade and Industry minister and Mr Ezer Weizman, Minister Without Portfolio and principal "dove" in the Israeli Cabinet.

The package provides for a period of conciliation of about six months and, if that fails, arbitration. The Cabinet had been been deadlocked on the issue with the Likud bloc opposing arbitration, the course insisted on by Egypt.

According to reports from Jerusalem, Mr Peres and Mr Mubarak talked on the phone yesterday. Officials close to Israel's Prime Minister are saying a summit meeting is possible in the second half of February and may be held in Alexandria.

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Late yesterday, Egypt had not yet formally responded to Israel's decision and it was unclear what attitude it would adopt towards several additional conditions Likud ministers appended to a substantive agreement drawn up by Egyptian and Israeli negotiators.

Dr Osama al Baz head of President Mubarak's Political Office, gave a conditional welcome to Israel's decision. "Wo have not received formal word from Israel yet," ha said, "but we hope things will move in a positive direction. From what we heard from the news media, if this proves correct, then the next move would be the terms of arbitration."

Extra conditions insisted on by Likud ministers includod agreement by the two sides "to prevent terrorist presence or activity from each country against the other, and against its citizens" and "to prevent hostile propaganda against one another."

Other elements of tha package deal agreement provide for guaranteed access to Taba for the loser in any arbitration. It is an area of land measuring about ono square kilometre, on which an Israeli company has built an hotel.

Israel hung on to Taba when it handed back the rest of Sinai to Egypt in 1981 under the terms of the 1978 Camp David Accords and the 1979 Peace Treaty.

The Israolis are also insisting that as a condition of their signing an agreement on arbitration, Egypt should return its ambassador to Tal Aviv, withdrawn in 1982 in protest at Israel's invasion of Lebanon, and reactivate commercial and cultural arrangements frozen for the past several years.

Peking concerned over course of reforms

By Robert Thomson in Peking

AN UNEXPECTED meeting of 8,000 senior Communist Party, government and military officials in recent days has highlighted the problems threatening China's economic reform programme, and made clear that there is concern within tha leadership about the course of change.

Diplomats say the meeting was a "pep-talk" for the officials, and included a lengthy defence of the reforms and the adoption of a tougher stance against the widespread corruption that has tarnished the image of those reforms.

The gathering has been interpreted by a few observers as a sign that the economic pragmatists at the helm of Chinese policy are beginning to buckle under pressure from conservative elements who consider too much has happened too soon. But diplomats disagree and say the pragmatists are still firmly in control.

Certainly, senior leaders such as Hu Yaobang, the Communist Party General Secretary, found it necessary to restate for the meeting—which comes only a few months after a special party conference—the principles of the current reform programme.

Hu called for a "correct assessment" of the lato Chairman Mao Tse-Tung, a continuation of tho open door policy, and the gradual reform of the country's economic structure.

The reform programme has encountered problems that have compromised the ambitious plans of the present leadership. Among those concerns are a higher than envisaged inflation rate—officially put at 9 per cent, but widely thought to be between 20 and 30 per cent in larger cities—poor management, and widespread corruption.

Crocker meets Botha over Namibia

BY ANTHONY ROBINSON IN JOHANNESBURG

THE long-running US diplomatic effort to achieve a negotiated settlement to the Namibian independence question linked to a withdrawal of Cuban troops from Angola moved a stage further yesterday with top-level meetings between Mr Chester Crocker, President P. W. Botha and other top officials.

Mr Crocker, the US Assistant Secretary of State for African Affairs, delivered o letter from President Ronald Reagan, the contents of which were not disclosed.

Last week Mr Crocker held talks in Luanda with senior Angolan government officials.

The presence of Mr Pik Botha, the Foreign Minister and Gen Jannia Geldenhuys, the recently appointed chief of staff, at yesterday's meetings implied that the military as well as political aspects of the Namibian question were discussed.

The military aspects include the question of cross-border hotpursuit operations by South African and locally recruited Namibian troops against South West Africa Peoples Organisation (Swapo) guerrillas and the status of the rebel Unita movement in Angola led by Dr Jonas Savimbi.

The US Government is under strong right-wing pressure to step up support for Unita and Dr Savimbi is expected to visit Washington shortly to lobby for such assistance in the face of another reported build-up of Soviet-backed Cuban and Angolan government forces against Unita forces in southern Angola.

Meanwhile, in Windhoek, the Namibian capital, the 16-man Namibian Constitutional Council, set up as part of South African created Government of National Unity last June, met for the first timo yesterday to draw up a new constitution for the territory which has been ruled illegally by South Africa since 1966. The multi-party government which enjoys limited powers of self-rule was formed on Juno 17 last year in the face of widespread international criticism.

Although the Namibian question and related issues of southern African politics form the principal reason for the latest visit by Mr Crocker, who held talks in Zaire and the Angolan capital Luanda before his talks in Cape Town, the evolution of the South African domestic political situation was also on tha agenda. On Sunday, Mr Crocker toured black townships in the East Rand, a visit marred by the murder of a local black councillor Mr Ampio Mayisa on Saturday night in Leandra township before a planned meeting with the US diplomat.

A Rand Supreme Court judge yesterday dismissed with costs the appeal by Mrs Winnie Mandela, wife of jailed African National Congress leader Nelson Mandela, to have invalidated the banning order which prevents her living in her Soweto home. Mr Justice Le Grange did however grant Mrs Mandela leave of appeal before a full bench of the Supreme Court on the grounds that "the personal freedom of an individual is an important principle." Mrs Mandela recently defied the order several times and was forcibly evicted and briefly detained for defying the ban. The case began last week when Mr Sydney Kentridge, a prominent civil rights lawyer acting for Mrs Mandela, sought an injunction to declare an earlier banning order in 1983 invalid on grounds that the Government had failed to furnish proper reasons. Similarly, he argued that the current revised order was "grossly unreasonable" as it took immediate effect without allowing Mrs Mandela to make alternative arrangements.

Christian rivals in Beirut battle

BY NORA BOUSTANY IN BEIRUT

RIVAL Christian factions battled for control of the northern and eastern suburbs of Beirut yesterday as the President Amin Gemayel flew to Damascus for talks on the future of a peace pact contested by Christian traditionalists.

Units of tho Lebanese Forces, the main Christian militia, moved at daybreak against positions manned by loyalists to the President at key Beirut intersections.

The Voice of Lebanon radio station, which is controlled by the Lebanese Forces, reported shooting in several areas. It said that that its units moved into the streets after fighters loyal to Mr Gemayel had set up road blocks in the Metn district overlooking East Beirut.

Mr Elio Hobeika, commander of the Lebanese Forces, accused Mr Gemayel of being behind the clashes. "Responsibility for this situation is assumed by mercenaries affilioted to the master of the (presidential) palace."

Internal bickering in the leadership of tho Lebanese Forces, stemming from opposition by hardline Commander Samir Geagea to Syrian tutelage over Lebanon, appeared to have weakened Mr Hobeika's political standing. However, Mr Hobeika was one of three militia commanders who signed the Syrian-sponsored peace agreement in Damascus on December 28. It calls for phased reforms curbing the powers of the Christian Maronite President and allowing for wider Moslem participation in decision-making. The accord states that Lebanese Army soldiers be confined to their barracks for an unspecified period for reorganisation on non-confessional lines under Syrian supervision.

Washington is 'even-handed in Philippine poll'

By Samuel Senoren in Manila

THE Reagan Administration is keeping out of Philippine politics, supporting neither President Marcos who is standing for re-election, nor Mrs Corazon Aquino, the presidential aspirant, Mr Stephen Bosworth, the US ambassador to Manila, said yesterday.

"The US is non-partisan and will remain non-partisan," he told correspondents in a news conforence at the Manila Overseas Press Club.

The US diplomat denied recent US press reports that top officials of the Reagan Administration were split on how to deal with the two candidates.

The reports had said that top US defense officials lobbied for unwavering support for Mr Marcos because of his fierce anti-Communist stand while the State Dopartment was inclined to back up the moderate Mrs Aquino who is seeking to end Mr Marcos' 20-year rule.

New Zealand 'starting to live within its means'

BY DAI HAYWARD IN WELLINGTON

ALTHOUGH New Zealand will undergo severe economic problems and a downturn of the economy over the next six months, the country was now starting to live within its means and there would be no turning back from the economic road chosen by tho Labour Government, said Prime Minister David Lange yesterday in a New Year state of the nation review.

Mr Lange admitted inflation had not dropped as rapidly as the government expected. This was partly because of high wage demands and partly the strength of the New Zealand dollar, but there were signs that the government economic strategy was starting to work. He said the Government had expected an economic downturn

Over the next six to nine months, however, New Zealand could expect a rise in unemployment, a hard time for the farming sector, a slowdown in the construction industry, an increase in the consumer price index in the March and June quarters and a general decline in business activity.

This was expected, necessary, and would be temporary said the Prime Minister. Looking beyond 1986 he predicted a fall in interest rates which would create a downward trend for mortgages. Good investment opportunities would be easier to identify as the removal of subsidies and special assistance to various sectors made Now Zealand more competitive.

● Tho Government's compulsory union membership law, under which all workers are obliged to join a trade union, suffored a severe setback when a special tribunal allowed a cleaner to resign from his union because it is affiliated to, and financially supports, the Labour Party.

Mahathir spells out economic difficulties

By Wong Sulong in Kuala Lumpur

IN A frank admission, Dr Mahathir Mohamad, the Malaysian Prime Minister, has conceded the Malaysian economy was facing very serious difficulties. He cited growing unemployment, falling commodity prices and the erosion of the country's competitiveness as urgent prbolems that needed to be overcome.

He said over the weekend that an estimated 100,000 Malaysians had lost their jobs over the past two years and the problem was being aggravated by the economic downturn in Singapore, where as many as 50,000 Malaysian workers have been sacked.

There were about 12,000 redundancies in electronic factories in Penang state alone last year, and about 5,000 to 6,000 jobs were lost through tin mine closures arising from the sharp fall in prices.

Review of HK legal system

By David Dodwell in Hong Kong

'A COMPLETE review' of Hong Kong's legal system is to take place this summer, Sir Denys Roberts, Hong Kong's Chief Justice, said yesterday at the official opening of the territory's legal year.

The review will be taking place at a time of close public interest in measures to be taken to ensure the preservation of Hong Kong's legal system when the territory is returned to Chinese sovereignty in 1997. At the very least, the terms of the Sino-British agreement insist that the court of final appeal be transferred from Westminster to Hong Kong.

Plans are being made for the territory's body of law to be translated into Chinese.

Sit-in ends in South Korea

PROSECUTION authorities in Seoul yesterday began interrogation of 17 opposition assemblymen charged with violence and obstruction of official duties in connection with a brawl that took place in the National Assembly on December 2, Steven B. Butler reports from Seoul.

The opposition ended a three-day sit-in at the National Assembly building late Sunday and agreed to co-operate with the investigation after reaching a political compromise with the ruling party.

Profitable outlook forecast for airlines

BY CHRIS SHERWELL IN SINGAPORE

THE WORLD'S airlines are becoming more international in their routings and more commercially-oriented in their business, and can look forward to more growth in traffic and profitability.

This was the optimistic scenario painted yesterday by Dr Julius Maldutis, airline industry analyst with Salomon Brothers of the US, at the fourth Financial Times Conference on Aerospace in Asia and tho Pacific Basin.

Tho two-day conference is being held in Singapore in conjunction with the Asian Aerospace exhibition. Nine speakers presented papers yesterday, and much interest focused on the opening up of China and the prospectivo entry of United Airlines of the US in the Pacific market following its take-over of Pan-American's routes.

Dr Maldutis, in a broad overview of the airline industry, saw the commercialisation of the airlines as perhaps the most interesting development of all. "The days of government ownership appear to be numbered as airlines slowly tiptoe into tho world of privatisation," he said. The benefits would have a profound impact on world aviation.

Airlines would also see less "cyclicality" in their traffic growth and profitability because of the ageing of the travelling population. Those over 45 had the greatest propensity to travel, he said, and were more likely to travel for pleasure and personal reasons rather than for business.

FINANCIAL TIMES CONFERENCE
AEROSPACE in Asia and the Pacific Basin

According to Mr Colin Marshall, chief executive of British Airways, tho hurly burly of late 20th century life would not diminish the desire to travel but rather increase it.

"Short haul business travel will become more convenient and more appropriate as e time-saving choice," he said. Service and convenience would also be the keys to success in the travel and tourism business, and travellers will want point-to-point convenience even on the long stretches across the Pacific.

For Mr James Leslie, chairman of Qantas of Australia, the "worst economic slump in aviation history is behind us." There was more optimism thanks to depressed fuel prices and cost-cutting by airlines.

The main opportunity in Australia, he said, lay with tourism. Although the introduction of large, long-range aircraft could affect the country's neighbours, tourist traffic from the Asian region itself could also be increased.

Dr Cheong Choong Kong, managing director of Singapore International Airlines, appealed for greater co-operation among governments and airlines to promote tourism in the region jointly and provide better intra-regional services.

Like Mr Leslie, he welcomed the move by United Airlines into Asia, saying this might spur other US carriers, which had been slow to capitalise on opportunities in the region, to develop an interest.

Less optimistic than Dr Maldutis earlier, Mr Peter Sutch, managing director of Cathay Pacific Airways of Hong Kong, warned the conference that the Asian region's economic growth rate was likely to falter in tho short and medium term, and that this might affect the region's airlines.

While downturns had brought out the best in these airlines in the past, he said, prospects were worrying and this would not encourage the airlines or their governments to adopt e more liberal stance towards deregulation of traffic rights and greater access by European and US carriers.

Competition would meanwhile intensify, especially over price, he said, and the depressed yields which result would be worsened by the arrival of new aircraft in regional carriers' fleets. Asian airlines would then be forced to review their cost structures, and this might entail more automatoin and a push for higher productivity.

Echoing Mr Sutch, Dato' Abdul Aziz, managing director of Malaysian Airline System, said the increase in airline capacity in the trans-Pacific market could reach 20 per cent a year over the next year or two, and this would exceed the market growth in demand. Profit margins could then deteriorate.

Dr Gunter Eser, director general of the International Air Transport Association, said o blend of competition and co-"workablo competition" — served the customer best.

Speaking on aerospaco developments in China, Mr Graham Hewat, chief executive of Hong Kong Aircraft Engineering Company, said the People's Republic was tho only country in the world determined to enter civil aerospace manufactura and operation across the whole spectrum, "from microlights to spacecraft, from e virtual zero base to a goal of international competitive competence," all within a decade.

Closing the day's session, Mr Lim Hock San, director general of civil aviation ot the Civil Aviation Authority of Singapore, discussed airport developments in the region.

"The safest bet," he said, was to use a strategic long-term approach in planning airport development, coupled with built-in short-term flexibility. Realising too late that airport capacity was inadequate would extract a painful price for a country in terms of airport congestion and delays, and would probably turn away potential air traffic.

Upward turn for microchip industry

By Louise Kehoe in San Francisco

THE DEPRESSED US semiconductor industry is starting the new year on an optimistic note. Figures released today by the Semiconductor Industry Association (SIA), a US trade group, suggest that business conditions have taken a definite upward turn.

The industry "book-to-bill ratio", a measure of the value of new orders booked versus the value of goods shipped, rose to 0.98 in December, the highest level reached in 16 months.

This means that for every $98 worth of new orders, manufacturers shipped $100 worth of product. The SIA data is based upon figures collected from US, European and Japanese manufacturers selling semiconductor products in the US.

Average monthly bookings for the three month period ending in December totalled $581.2m a 9 percent increase from the $535m posted in November. US market billings, at $623.9m were up 14 per cent from November.

Based on preliminary estimates from November and December, US market semiconductor sales totalled about $8bn during 1985.

US assails Iran over boarding of ship

By Reginald Dale in Washington and Roger Matthews in Riyadh

THE US yesterday reiterated its "serious concern" over the boarding of an American merchant ship by the Iranian Navy in the Gulf on Sunday, and said thet Iran had no "just cause" for stopping the vessel.

It also became clear that British warships in the Gulf may be instructed to escort vessels flying the national flag through the Straits of Hormuz following another incident on Sunday morning when a British ship was stopped and searched for Iraqi weapons supplies.

Sir Geoffrey Howe, the British Foreign Secretary, said before leaving Oman yesterday, that the boarding of the British vessel, the Barber Perseus, was an obvious matter of concern.

Mr Larry Speakes, the White House spokesman, warned that "incidents of this type (involving the US ship) can create volatile situations." It was another example of the pressing need for early progress on a peace settlement in the five-year-old Iran-Iraq war.

The State Department said that the ship, the President Taylor, was intercepted in international waters about 30 miles south of its destination, the port of Fujaira in the United Arab Emirates.

Robert Gibbens reports on the emotions privatisation has stirred in a Canadian industry

Ottawa's aerospace policy runs into trouble

THE Canadian Federal Government has renewed its pledge to sell the state-owned Canadair aerospace company as it continues to fend off attacks over the sale of De Havilland of Canada (DHAC) to Boeing for $90m (£44.6m).

DHAC, a short-takeoff and commuter aircraft builder, is one of the country's two airframe builders, and the surge of nationalist opposition to the Federal Government's choice of Boeing rather than a domestic consortium is reminiscent of the heat generated by the Avro Arrow debacle of the late 'fifties.

The then Diefenbaker Government decided Canada could not afford the development costs of the Arrow twin-jet fighter. Opponents accused it of scuttling the aerospace project of the century and forcing hundreds of top design and production people to flee to the three big US airframe builders to find jobs. Now the Mulroney Government, also Progressive Conservative, is accused of selling DHAC out for a mess of potage.

The sale was the first step towards privatising the two Canadian owned airframe companies, both of which have had difficulties making ends meet despite the industry's recovery from the deep recession in 1982-83.

The aerospace industry, comprising about 100 companies and nearly all members of the Air Industries Association of Canada, makes a wide variety of components for commercial and military aircraft, operates several major engine repair and overhaul plants, and specialises in edvanced electronics and avionics and flight simulators, besides assembling business jets and STOL and commuter aircraft.

The biggest single unit in the industry is Pratt & Whitney Canada (PWC) in Montreal, a subsidiary of United Technologies. It is the world's largest producer of small turboprop and fanjet engines.

The industry will have sales of about C$4bn this year, up from C$3.15bn in 1984 and C$2.8bn in 1983. Volume is expected to reach C$4.4bn in 1986. For the past three years, just over 80 per cent of production value has been exported, and this proportion is likely to be maintained for some time.

Employment, which peaked at about 46,000 in 1980, was down to 41,100 in 1984 and climbed back to about 45,000 this year with the addition of more manpower at DHAC in Torronto, at PWC in Montreal and a satellite operation in Toronto, and at several other specialist plants across the country.

Further gains will come in 1986 as CAE Industries expands its simulator output, Bell Helicopters Canada begins the start-up of small-helicopter production, and component and satellite communications equipment manufacturers gear up for larger orders.

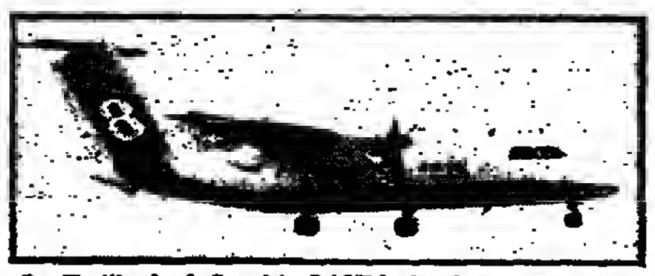
Canadian Marconi, the largest avionics unit, will be fairly stable, but Rolls-Royce (Canada) has gained some important engine overhaul orders, and Litton Systems Canada and many other specialists companies are expanding employment.

Research and development this year rose to C$390m from C$360m in 1984, and will rise to about C$450m in 1986. Stimulus will be coming from the North Warning System contracts and some important defence systems work. However, the Federal Government has disappointed the industry by drawing back from direct participation in the US Strategic Defence Initiative program.

The Air Industries Association's forecasts have consistently been to optimistic in the past, but the industry now firmly believes that total sales will reach C$6bn in 1989.

This contrasts sharply with the recession years when the Government poured nearly C$2bn into Canadair and DHAC to save them from collapse. These funds in effect took the development costs of the Challenger business jet and the DHAC commuter aircraft, the DASH-7 and DASH-8 off their shoulders.

Boeing could apply DHAC accumulated tax losses to any of its Canadian operations and critics heve claimed this represents a bidden subsidy.



De Havilland of Canada's DASH-8—its development costs were carried almost entirely by the Canadian Government

Though Boeing would meet part of the development costs for the 50-seatar stretched DASH-8, and the Federal Government will be relieved of meeting DHAC losses averaging more than C$50m in 1985 and in 1986, the opposition parties have insisted that the deel is a "giveaway" and say they will call ministers, Boeing officials and the government's investment advisers before the parliamentary committee.

Canadair, with C$1.25bn Challenger development costs transferred to a federal government agency, is now showing a profit. It reflects a greatly improved outlook for the industry at large. Canadair booked 31 new Challenger orders in 1985, double the 1984 rate, and holds several more options. The 601 model with more powerful General Electric engines, is at last attracting corporate interest because of its performance.

Canedair also has a good base comprising the CL-125 "waterbomber" designed to fight forest fires, military surveillance drones and its airframe component business.

If lower international oil prices and a lower dollar bring an upswing in the general aviation market and defence speeding continues to rise, aerospace should again become one of Canada's strongest growth sectors.

Court will rule on Japanese sanctions

THE US Supreme Court agreed yesterday to decide whether the Reagan Administration must impose severe economic sanctions against Japan for violations of an international whaling agreement, Reuter reports from Washington.

In response to an appeal by the US Government, along with the Japanese whaling and fishing industries, the Supreme Court will review a case that raises important environmental, diplomatic and trade issues. A ruling is expected by July.

The case reached the high court after a US Court of Appeal in Washington last August ordered Mr Malcolm Baldrige, Commerce Secretary, to certify to President Ronald Reagan that Japan had violated an international ban against killing three near-extinct species of whales.

The August decision was expected to put Japan's $50m-a-year commercial whaling industry out of business and could mean the loss of an estimated $1.8bn in Japan's fish catch off US coastal waters.

The Japanese fishing and whaling industries said the decision threatened to disrupt US-Japanese relations.

The Justice Department argued that the lower court ruling created a precedent allowing unwarranted judicial meddling in foreign affairs.

Supreme Court favours banks in brokerage row

By William Hall in New York

THE US securities industry's long running efforts to prevent banks from offering discount brokerage services have been dealt a final blow following a Supreme Court ruling to allow national banks to offer the services through subsidiaries.

The Securities Industrial Association (SIA), the trade association for the retail brokerage industry, has been fighting for several years to prevent US banks entering the brokerage business. It claimed their entry infringed the 1933 Glass-Steagall Act prohibiting commercial banks from underwriting or dealing in securities.

Tha SIA argued that the Act limits national banks to merely forwarding to brokers the securities orders of their customers. However, its challenge has been rejected by a federal district court and a federal appeals court in the District of Columbia and the Supreme Court would appear to have the final word.

The latest case dates back to 1983 when the SIA challenged the Comptroller of the Currency's approval of requests by Security Pacific National Bank of Los Angeles and Union Planters Bank of Memphis, Tennessee, to establish discount brokerage subsidiaries.

Managua boosts powers to redistribute land

By Tim Coone in Managua

NICARAGUAN President Daniel Ortega has announced important amendments to the Agrarian Reform Law. The changes make any rural property which is abandoned or underutilised subject to confiscation and redistribution to landless peasant farmers or those with insufficient land to make an adequate living.

Previously, the Agrarian Reform Law, passed in July 1981, affected only properties of more than 350 hectares on the Pacific coast or 700 hectares for cattle-grazing properties in the centre and east of the country.

Until the end of 1985, 350,000 hectares of land belonging to 490 owners had been expropriated or purchased under the law. About 40,000 peasant families benefited from redistribution.

According to Mr Jaime Wheelock, Agriculture Minister, the latest reforms were necessitated by the displacement of 250,000 people by the guerrilla war in the last three years and the growing pressure for the land in the densely populated Pacific coast region.

In an interview with the Sandinista newspaper, he said the reforms were not intended to prejudice the efficient large farmer.

He hinted that the reforms will be used to punish farmers who have collaborated with the US-backed counter-revolutionaries.

Guatemala inauguration lifts hopes of recovery

BY OUR GUATEMALA CITY CORRESPONDENT

GUATEMALA IS today due to inaugurate Mr Vinicio Cerezo as its first civilian President in 16 years amid hopes that he can end the country's eppalling human rights record and provide e new sense of economic stability.

Mr Cerezo inherits an economy in deep recession. Four out of every 10 workers are unemployed and Guatemala is unable to pay for fuel imports or service its $2.4bn (£1.6bn) foreign debt, which this year requires some $600m or 40 per cent of export earnings.

The outgoing military government of Gen. Oscar Mejia Victores ineffectually tackled the difficulties caused by foreign debt and elways gava way to pressures from the powerful business community. The latter has already begun to orchestrate a campaign egainst price controls and e revised tariff agreement introduced by the Mejia administration which increased imported rew material costs threefold.

Mr Cerezo's Christian Democrat Party was not supported by the business community but his main cerd in dealing with them is the promise of renewed US economic and diplomatic backing. US economic assistance has been minimel as a result of the human rights record of the country's military rulers.

Mr Cerezo bas provided few details of his economic programme. But he haa created a Ministry of Development to cater for the impoverished rural community. He has also indicated that be will renegotiate the country's debt payments and implement a stabilisation programme, which would probably mean reducing the fiscal deficit by raising tax revenue and devaluing or floating the currency.

Mr Cerezo's other priority is to clean up the security forces. He has hinted that he will disband the Department of Technical Investigations (DIT), a plain clothes police unit which has been blamed for murders and kidnappings. He has promised to send its agents "to work in a model farm if the courts see fit, so that they can pay for their liberty." However, he has evoided mentioning tha G-2, a military intelligence unit with an equally notorious human rights record.

In the early stages of his government, Mr Cerezo is unlikely to crack down hard on the military. He acknowledges that he does not hold full powers and is wary of the possibility of a coup d'etat should bis government fail to resolve the country's problems.

General Jaimie Hernandca Mendez, a mild-mannered career officer, who is unlikely to challenge Mr Cerezo's presidency, has been appointed Minister of Defence.

Grenada charges 13 with illegal military exercises

BY CANUTE JAMES IN KINGSTON

POLICE IN Grenada have arrested 13 men and charged them with conducting "illegal military training exercises" in mountains in the centre of the island.

The arrests come six weeks before President Ronald Reagan visits the Island to confer with Commonwealth Caribbean leaders about regional security, and to unveil a monument honouring 19 American soldiers killed during the US invasion of tha island in October 1983.

Some of the men arrested are said by the police to be former members of the People's Revolutionary Army of the socialist government which was overthrown by the US invasion.

US Senator gives Japan tough warning on trade

BY JUREK MARTIN IN TOKYO

JAPAN should aim to double its imports of manufactured goods within the next three to five years, according to Senator John Danforth of Missouri, chairman of the US Senate's sub-committee on international trade.

In a speech in Tokyo that was often savagely critical of Japanese trading practices, the Senator warned that there had been what he called "a fundamental shift in (American) public opinion" and that "public support for free trade has collapsed."

He said of Japan that "no other nation contributes so little to the open trading system of the world, in proportion to what it gains."

Mr Danforth, the author of several bills that would restrict Japanese access to the US market, including the proposal that led to the current voluntary curbs on car shipments, is heading the six-member Senete delegation now in Japan.

The team had a session over the weekend with Mr Yasuhiro Nakasone, the Prime Minister, lasting nearly two hours, but Mr Danforth was less than sanguine about what had been accomplished.

The Senator was dismissive of Japanese import action programmes and the recently concluded Moss (market oriented, sector selectiva) talks on four product areas. These, he charged, "have been mostly talk and the results likewise have been mostly talk."

"A country that doee not want to import products from abroad," be said, "will find countless ways to exclnde products from abroad, regardless of exchange rates and regardless of specific measures to eliminate trade barriers.

"The $50bn (£35bn) trade deficit (with the US) will only be brought to a tolerable level if Japan finds way to sell the production of other countries in its own market.".

Manufactured goods, be argued, comprised only a quarter of total Japanese imports, against 64 per cent for the US, 58 per cent for West Germany, and 68 per cent for the UK.

In 1983, Japan only took 8 per cent of the manufactured exports of the developing countries, against 58 per cent for tha US and 27 per cent for Europe.

For all his reputation in Japan as a trade "hardliner" Senator Danforth insisted that be was not "scary" but merely representative of prevalent American attitudes.

On practical points, be thought that Japan should continue to restrict car exports to the US; if it did not, other ways would be found to impose controls.

He predicted that Congress would pass substantive trade legislation this year, even if it faced a presidential veto. In any case, the US should adopt a "legalistic" approach to imports.

TALKS opened yesterday on a request for increased flights to Japan by United Airlines, which recently bought Pan American World Airways' routes and facilities in the Pacific, AP-DJ reports from Tokyo.

United has asked the Japanese Transport Ministry for permission to take over Pan Am's routes to Japan and operate 56 flights a week between Japan and the US. United, which bought Pan Am's Pacific routes for $715m (£510m), already was operating seven Seattle-Portland-Tokyn flights a week. It hoped to launch its new routes to Japan on January 28. So far, Japan has not granted United's request on grounds that the number of weekly United flights would exceed Pan Am's 33.

Japanese importers in oil netback pact

By Yoko Shibata in Tokyo

JAPAN'S Kyodo Oil and Mitsubishi Corporation have agreed with Saudi Arabia to buy crude oil on a netback basis —related to market restrictions for refined products minus the cost of refining and freight.

Saudi Arabia began to sell oil under the netback formula last October. Japan had, however, been excluded from buying on this basis.

Since Sandi Arabia refrained from applying netback formula to Japan, its sale to Japan in the September-November period declined by about 7 per cent.

Oil buyers like Kyodo Oil (75,000 b/d), Mitsubishi Corporation (80,000 b/d), Idemitsu (20,000 b/d), Fuji Oil (12,000 b/d), Cosmo (8,000 b/d) whose contracts expired at the end of last year, have demanded netback prices with the renewal of their contracts.

Under the new netback deals to be signed this month, five or six Japanese oil buyers, including Kyodo and Mitsubishi Corporation, together are expected to purchase 200,000-250,000 b/d of Arabian Light at about $25 a barrel, $3 below the official price.

Imports take record 32% of Canadian car market

BY BERNARD SIMON IN TORONTO

IMPORTS took a record 32 per cent of Canada's car market in 1985, largely because of the pbenomenal success of the South Korean manufacturer Hyundai.

According to motor industry figures, sales of foreign cars jumped by 40 per cent last year to 360,300 units, compared to an 18 per cent rise in the overall car market to 1.13m vehicles.

Hyundai, which started selling its Pony model in Canada only two years ago, made up 22 per cent of the foreign car market in 1985.

Imports exclude cars made in the US. The Canadian and US motor industries operates as one integrated unit.

Japanese car exports to Canada are among the topics being discussed by Mr Yasuhiro Nakasone, Japan's Prime Minister, during a four-day visit to Canada which began last weekend.

Japanese car makers have pressed for the removal of informal quotas which place them at a disadvantage to other foreign suppliers.

Canada's Prime Minister Mr Brian Mulroney repeated shortly before Mr Nakasone's arrival that abolition of the curbs will depend on increased Japanese investment in local production facilities.

Hyundai, whose sales are not subject to quotas, overtook all its Japanese competitors last year, with sales of its Pony and Stellar models reaching almost 79,100 units, more than treble the previous year.

Under the general system of tariff preferences to developing countries, South Korean car imports enter Canada duty free, giving them a substantial cost advantage.

Hyundai has announced plans to build an assembly plant at Bromont, Quebec, as well as a parts plant north of Toronto. Honda and Toyota are putting up assembly lines in Ontario.

Sales of Japanese cars rose by 21 per cent last year to 201,200 units. Honda led with 63,000 cars, followed by Toyota, Nissan and Mazda. Volkswagen of West Germany posted a 54 per cent increase to 46,500 cars in 1985.

Philips, Siemens chip plant move

BY LAURA RAUN IN AMSTERDAM

PHILIPS, the Dutch electronics group, will invest DM 500m (£128m) to adapt its semiconductor factory in Hamburg for Production of a one megabit microchip as part of a Fl 4bn (£909m) joint effort with Siemens.

The metal oxide semiconductor (MOS) factory in Hamburg will be adapted for prodnction of the ona magabit static Random Access Memory (RAM) chip, which Philips bopes to begin prodncing for tests later this year. The factory will, it is believed, employ between 350 and 400 workers.

Philips and Siemens of West Germany are co-operating in the so-called Megaproject, which is aimed at developing and producing a new generation of chips that can store much more information than current ones.

The Megaproject is designed to help Philips and Siemens compete with Japanese companies who are several years ahead in technology.

Philips, which is investing around Fl 1.5bn, is working on a one megabit RAM, while Siemens, which is investing around DM 2.2bn, is working on a 4 megabit dynamic ram.

The current generation of computer chips can store only 256,000 bits of data.

The West German Government is providing about DM 320m in subsidies for the Megaproject, while the Dutch Government is providing about Fl 160m.

In addition to the Hamburg plant, Philips also is building a completely new Fl 500m factory in Nijmegen that will be used for research, development and test-production.

Value of Taiwan trade falls 3%

BY ROBERT KING IN TAIPEI

THE VALUE of Taiwan's trade fell nearly 3 per cent in 1985 marking the first time its trade with tha world has shown a declina in 10 years.

Despite the decline the country'e trade performance was impressive enough to make it the world's 15th largest trader and tha tenth largest exporter, according to Taiwan's Council for Economic Planning and Development.

Export growth remained relatively flat with Customs statistics showing goods worth $30.7bn (£22m) exported during 1985 against $30.45bn the previous year. Imports declined nearly 9 per cent though to just over $20bn creating a record $11bn trade surplus.

Plannars attributed the decline to stagnant demand in major markets especially the US.

But a series of political, social and economic disasters during the year also played havoc with public confidence which probably worsened an already bleak ontlook.

As a partial result of these problems, the economy grew in real terms by less than 5 per cent compared with an optimistic projection of 8.5 per cent set by the Economic Planning Council early in the year.

China seeks to speed Gatt move

BY WILLIAM DULLFORCE IN GENEVA

CHINA IS stepping np pressure on the US and the European Community to agree to its rejoining the General Agreement on Tariffs and Trade (Gatt) without too much delay over the commercial terms. Peking wants its application judged in the broader context of foreign policy.

This is bow several delegation to Gatt yesterday interpreted the report from the New China news agency that Zhao Ziyang, China's Prime Minister, had told Mr Arthur Dunkel, Gatt's director-general, that China plans to submit a formal application for membership.

Informal discussions in Geneva during the past few months have made little progress over the adjustments Peking must make to its trade policy to comply with Gatt rules.

"The closer you look at the Chinese trading system, the more complicated it becomes. How can the Chinese, whose whole thinking has been geared to bilateral trading, convert to an organisation set np by countries largely operating market economies?" one trada negotiator asked.

The Chinese acknowledge the complications, but they do not want to have to wait indefinitely to return to Gatt and they are keen to take part in the new round of international trade negotiations which trade ministers are scheduled to launch in September.

By submitting a formal application for membership, Peking hopes to remove the issue from the Geneva cockpit and to compel Washington and the European capitals to look serinusly at the international political advantages of having China within Gatt.

The Soviet Union has not joined tha organisation. Of the East European countries, only Czechoslovakia, Hungary, Poland and Romania are members.

Work on a memorandum outlining present Chinese trade practices has started in Peking with help from the Gatt Secretariat. The memorandum will be the basis for the negotiations in the working-party Gatt members will set up once Peking's application has been received.

Most of Gatt's 90 members accept that China's accession would substantially strengthen the organisation at this crucial stage in its existence. China, the world's most populous country, accounts for only 1.2 per cent of world trade but its potential for swift growth is recognised.

It is also generally agreed that precedents exist for allowing China to participate in the new round of trade talks while negotiating renewed membership.

That negotiation, however, may take years to complete in Geneva. Not only must China conform to Gatt's "most favoured nation" principle, which stipulates that the favourable treatment accorded to one country must be extended to all others. It will also be asked ultimately to curb its export subsidies and to comply with Gatt's anti-dumping and other codes.

Liberalisation in China has so far focused on allowing regions, such as Canton, to make their their own trada deals. But under the Gatt régime, the country as a whole would hava to be npened to the international trading system.

Tornado deal with Saudis soon

By Roger Matthews in Riyadh

THE FINANCIAL details of Britain's £4bn sale of Tornado and Hawk aircraft to Saudi Arabia are expected to be concluded shortly with the first deliveries to begin within two to three months.

Officials travelling with Sir Geoffrey Howe, the Foreign Secretary, said yesterday that negotiations with Saudi Arabia were progressing smoothly. They confirmed that there would be a cash element in the sale, but still could not say exactly what percentage would be paid for in oil.

The sale will be discussed further today during talks that Sir Geoffrey will bold with King Fahd and with Prince Saud al-Feisal, the Saudi Foreign Minister.

Saudi Arabia has agreed to buy 48 strike versions of the Tornado, 24 of the Air Defence Variant, and 30 Hawk jet trainers and light combat aircraft.

The deal may eventually be worth considerably more than £4bn to Britain, together with its West German and Italian partners. Saudi pilots and technicians are already undergoing training in Britain, where the Tornado is assembled by British Aerospace.

Sir Geoffrey will also be assuring the Sandi leaders that the resignation of Mr Michael Heseltine as Secretary of Defence in no way affects Britain's defence or arms sales policy.

Boeing, MBB in air venture with Indonesia

By Kieran Cooke in Jakarta

BOEING has joined Messerschmitt-Boelkow-Blohm (MBB) of West Germany and Nurtanio, the Indonesian State Aerospace company, in a programme to develop a 85-90-seater passenger aircraft, using revolutionary prop-fan engines.

Under terms of an agreement signed in Jakarta, the three companies will work on studies for the fuselage of the new aircraft which, it is hoped, will be in full production by the early 1990s, and form a key part of a new generation of more fuel-efficient jet aircraft.

Dr Yusuf Habib, Indonesia's Minister of Technology, and head of the state aerospace industry, said worldwide demand for the new plane had been estimated at 1,200.

He added that the aircraft would be 25 per cent more fuel-efficient than jets now in service.

McDonnell-Douglas had been competing with Boeing to take part in the project.

McDonnell parts shipped to China

MCDONNELL Douglas, the US aerospace company, has exported the first aircraft components for assembly of the company's MD-80 twin-jet airliner in China Lynton McLain writes.

Under a co-operation agreement reached the General Administration of Civil Aviation of China and McDonnell Douglas, last April, 25 MD-82 model twin-jet airliners are to be assembled by tha Shanghai Aviation Industrial Corporation.

Pentagon takes new line on Greek F-16s

By Andriana Ierodiaconou in Athens

THE US Pentagon, which approved the sale of 40 F-16 fighter aircraft to Greece last Friday, is to send an official to Athens to try to persuade the Greek side to make the purchase on a government-to-government basis rather than through a direct commercial agreement with the General Dynamics manufacturers.

The Greek Government is understood to favour the commercial option, mainly for financial reasons. It is estimated that they could save abont 3 per cent on the $1.2bn (£857m) price tag for the 40 aircraft.

The Greeks also feel they can secure the best possible package of "offset agreements"—sideline agreements for co-operation in parts manufacture and other industrial and economic fields including tourism, designed to offset the costs of the purchase —by dealing directly with General Dynamics.

The Pentagon is expected to advance the argument that by making an FMS (foreign military sales) purchase through the US Air Force, the Greeks will be far better assured of delivery and servicing, including spare parts, than through a commercial agreement.

Either way, Greece will ba able to use low-interest US FMS credits to pay for the F-16s. The Greeks are reported to have accumulated abont $1.4bn in undrawn credits over the past two to three years.

UK NEWS

Brake on output prices lifts inflation hopes

BY GEORGE GRAHAM

INDUSTRY'S OUTPUT prices are increasing more slowly than at any time since the 1960s, bolstering the Government's hopes of meeting its inflation forecasts.

The rate of increase in manufacturers' factory-gate prices continued the downward trend apparent since August, helped by raw material and fuel prices that are now 6.1 per cent below their level last year.

The Department of Trade and Industry (DTI) said its index for home sales of manufactured products rose by 0.2 per cent in December, maintaining nine months of deceleration in producer price inflation. The year-on-year increase fell to 5.0, down from 6.1 per cent a year ago.

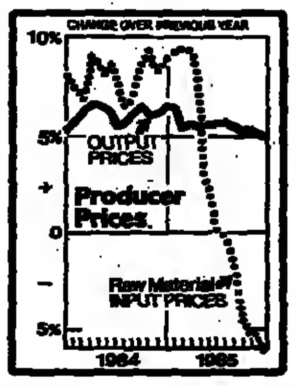
Input prices rose by 2.2 per cent in December, after a 0.5 per cent increase in November. More than three quarters of the increase was due to the usual seasonal rise in industry's electricity costs, the DTI said. The rest of the rise was attributable to domestically produced foods.

The drop in input prices over the year was the sharpest since the early 1950s, and contrasted with a rate of increase of 9.0 per cent a year ago. The fall reflects the rebound of sterling from its lows in January last year as well as weaker commodity prices. City of London economists said it would be some time before sterling's recent weakness showed through in the producer price indices.

Analysts believe that the overall implications of the DTI statistics are favourable, and inflation is still on course to fall to 4 per cent by the middle of the year.

They gave a warning, however, that any benefit feeding through into retail price inflation might be more than offset if banks and building societies were to follow last week's rise in base rates with an increase in mortgage rates.

Brokers expect the retail price index for December, which is due to be published on Friday, to show inflation running at 5.7 to 5.8 per cent per year, with a monthly increase



of 0.1 to 0.2 per cent. That represents a temporary rise in inflation from November's rate of 5.5 per cent, reflecting the drop in the retail price index in December 1984 as mortgage rates fell.

The DTI's output price index stood provisionally at 141.7 in December, with the index of manufacturers' input prices at 134.7.

Ladbroke may launch bid for Granada

BY CHARLES BATCHELOR

LADBROKE GROUP, the bookmaking, hotels and property company headed by Mr Cyril Stein, is considering an offer for Granada Group, the television and leisure company at present valued at £590m on the stock market. Ladbroke said it would not make an aggressive bid.

Granada's shares rose a further 14p 238p yesterday oo continuing market speculation that a bid was in the offing while Ladbroke eased 7p to 322p.

Ladbroke, which itself has a market capitalisation of £658m – only £68m more than Granada, is understood not to be contemplating an offer at Granada's present high share price.

Exactly a year ago Ladbroke won a £277m takeover battle for Comfort Hotels International in a move which made it Britain's second largest hotel operator, but Mr Stein has since said Ladbroke has been looking for a fourth core business.

The main attraction of Granada is its profitable television rental business which was enlarged in May 1984 by the purchase for £120m of the Rediffusioo rental business from BET group. Granada is Britain's second largest TV rental company with a 20 per cent market stake.

Granada increased pre-tax profit by 20 per cent to £84m in the year to September 1985 on sales which rose 21 per cent to £767m. The TV and video rental and reail operations contributed profit of £38.5m and sales of £285m.

Dunlop wins car wheels contract

DUNLOP Automotive Division, a subsidiary of BTR, the last UK volume supplier of steel car wheels, has won a vital contract from Ford against competition from West Germany, France and Spain, writes Arthur Smith, Midlands correspondent.

Dunlop, which has warned the Government that it needs a "significant" state contribution to a £5m investment at its Coventry plant to safeguard 650 jobs, has been in negotiation with Ford for months.

Ford is the only UK car assembler to make its own wheels. It has said it is pulling out of manufacture by the end of 1987. Ford said a minimum of £9.5m would have to be invested at its Dagenham plant to maintain international competitiveness.

Dunlop, in a European market suffering from overcapacity and pressure on margins, has won a three year contract for the steel wheels on the UK Sierra model, Ford's key volume car.

Steel accounts for about half the cost of a wheel and Dunlop said it hoped to source supplies from the British Steel Corporation although contracts were still to be placed. BTR, which took over Dunlop in 1984, said it would be making a further "significant investment" in the Coventry factory.

□ PARLIAMENT will decide today whether car drivers and front seat passengers must continue wearing seatbelts after a three-year trial period expires this month.

□ COMPUTER specialists working for the Government are being offered wage rises of up to £2,000 a year to deter staff from moving to the private sector.

□ MORE than half of the British businesses started with Government help three years ago are still operating, says the Manpower Services Commission, which administrates the Government's employment and training programme.

□ EEC nationals are being obstructed in exercising their rights under EEC law to seek work in Britain, according to a report published with the co-operation of the Government.

A study by the Law Department of Huddersfield Polytechnic, in the north of England, calls for an end to immigration controls which conflict with the Treaty of Rome.

□ ORDERS for 78 vertical turning lathes worth about £10m have been won by the WCI Machine Tool Group, which employs 300 people in Birmingham, in the Midlands. The work is part of an order won by WCI's US parent company from the aero engine group Pratt & Whitney. The company now hopes to employ 50 more staff over the next two years.

David Fishlock, Science Editor, on why scientists want more government funds

Science races with inflation

MORE THAN 1,500 scientists have subscribed to an appeal to "save British science," urging the Government to spend more on academic research.

The appeal, launched in London yesterday, is based in Oxford, north-west of the capital, and led by scientists upset by cuts in their share of the national research budget of £614m this year.

Contributors, who include 49 Fellows (senior academics) of the 1,000 Fellows of the Royal Society – the elite of research scientists – paid for a half-page advertisment in The Times newspaper yesterday.

"British science is in crisis: opportunities are missed, scientists emigrate, whole areas of research are in jeopardy," said the advertisement.

It said government support for research was declining, "falling further behind that of our main industrial competitors in Europe, whose policy is to increase investment in scientific research."

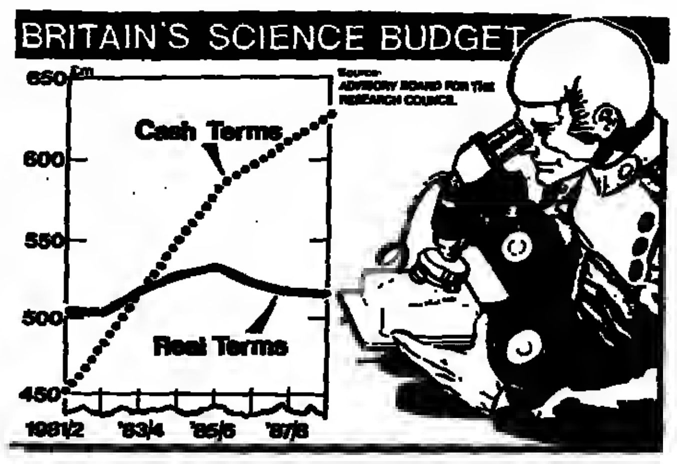
The group wants the Government to exempt basic science from its curbs on government spending. It says science needs an additional £100m a year "just to prevent continuing decline."

Professor Denis Noble, a medical scientist from Oxford University, one of the group's founders, said the Government had no consistent science policy. "Instead, we have the maximum chaos and the worst possible conditions for future planning."

Oxford scientists generally, and medical scientists in particular, figure prominently among the appeal leaders.

Government policy is to treat basic science no differently from most other areas of government spending in that it has been asked to keep within a total budget that is constant in real-money terms.

The budget has kept, and is expected to continue slightly ahead of the general level of inflation.



The science budget is mainly used to fund the UK's five research councils which support academic science in Britain, mainly in universities and higher education establishments but also in national laboratories managed by the research councils. It funds institutions such as the British Museum.

The budget is administered by the Advisory Board for the Research Councils, under the chairmanship of Professor Sir David Phillips, an Oxford research scientist who also acts, in effect, as chief scientific adviser to the Department of Education and Science.

This board, whose members include the chief executives of the research councils as well as Whitehall chief scientists and leading university scientists, has argued persuasively for extra money for science well beyond the level of general inflation.

Its case rests on the many exciting opportunities arising for British science, which has traditionally been among the world leaders in research.

But it also makes a strong case for what it calls the "sophistication factor." That argues that the cost of first-rate research is running ahead of inflation because of the cost of advanced equipment.

The argument – also familiar in defence circles which have been exempted from government spending curbs – rests partly on the demands from research sectors which traditionally were seen as inexpensive to fund, such as medical and environmental sciences. Even those sectors now need scanners, computers, satellites and so on, costing millions of pounds.

The advisory board has concluded that the sophistication factor alone is causing British science to run about 3 per cent ahead of inflation.

Another factor harming the ability of the science budget to buy research is the cost of reorganising the existing system. The Government has asked the research councils to try to pay for new opportunities by abandoning older, less promising projects and by restructing themselves.

So the advisory board asked the councils for corporate plans to show their aims and how they proposed to achieve them.

Two of the the councils – the Agricultural and Food Research Council and the Natural Environment Research Council – have already produced corporate plans, in the certain knowledge that their total government income will be cut. They have embarked on an extensive restructuring, including early retirement.

A year ago the advisory board told Sir Keith Joseph, Secretary for Education and Science, that factors such as restructuring costs and the sophistication factor meant that the science budget was buying less and less science, despite keeping abreast of inflation. If the pattern continued, it estimated that over the decade British science would have lost about 10 per cent of its purchasing power.

The advisory board said that to maintain the science budget constant in purchasing power, the budget needed an increase of £15m for 1986-87, £30m for 1987-88 and £40m for 1988-89.

The Government has come up with an extra £15m for 1986-87 and subsequent years. It also put a little more money into research last year.

The advisory board has recently reworked its estimates of the rate of decline in purchasing power over the 1980s and reduced the figure from 10 per cent to 7-8 per cent.

No relaxation is in sight for restructuring science to free funds from earlier commitments – including international commitments such as "atom-smashing" at CERN, the European physics laboratory near Geneva – to fund the oew opportunities.

The Science and Engineering Research Council, which spends about half the science budget, recently acknowledged the difficulty of making changes and of halting research projects. It had aimed to "free" about 10 per cent (£30m) of its budget for new opportunities but had managed to free only 6 per cent.

Although the restructuring is being carried out by the scientists themselves, those affected in the process are likely to bear a grievance against the patroo which funded them – often very generously – in the past.

Independent status for Patent Office

By Walter Ellis

THE PATENT Office, which grants patents oo inventions and trade marks in Britain, is to be removed from the aegis of the Departmeot of Trade and Industry and set up as an independent public corporation.

A written reply in the House of Commons yesterday from Mr Leon Brittan, the Trade and Industry Secretary, informed MPs that the office, with a staff of 1,270, is to be transformed into a statutory, non-departmental body. This means that it will become an independent agency but, like the Post Office, will remain subject to Government supervision.

Mr Brittan said that he had decided to change the status of the Patent Office "to make it more responsive to the needs of innovators." He wanted to free it from the traditional civil service framework and ensure that it should be self-supporting from fees and able to finance investmeot programmes.

Staff at the London-based office were surprised by the announcement. Such a change was recommended by Sir Robin Nicholson, chief scientific adviser to the Cabinet Office, in a green paper (discussion document) oo intellectual property in December, 1983, but little has been heard of the suggestioo since.

Mr Michael Sparham, of the Society of Civil and Public Servants, which represents 200 middle managers at the office, said that he did not see the Secretary of State's proposal, if implemented, benefiting the office's users or in any way improving the services provided.

The society recognised that improvements needed to be made in the way in which the patent office did its work

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NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture, dated as of December 15, 1981, from Montana Power International Finance N.V. and the Montana Power Company, as Guarantot, to Citibank, N.A., Trustee, all $50,000,000 in principal amount of the aforesaid Notes will be redeemed on February 14, 1986, at the redemption price of 101% of the principal amount thereof, together with accrued interest thereon from December 15, 1985, to such redemption date, amounting to $25.20 for each $1,000 principal amount of the Notes.

Interest on the Notes shall cease to accrue on and after the redemption date and on that date the redemption price and accrued interest will become due and payable on each of the Notes; provided, however, that this notice is subject to the receipt of redemption monies by the Trustee prior to February 14, 1986. This notice shall be of no effect, and the redemption price shall not be payable and interest on the Notes shall continue to accrue, unless such monies shall have been received prior to such date.

Payment of the Notes will be made upon presentation and surrender thereof, together with all coupons appurtenant thereto maturing subsequent to the redemption date, at the offices of the Paying Agents as follows: Citibank, N.A., Fifth Floor, 111 Wall Street, New York, New York 10043, or at the option of the holder, at the main offices of Citibank in Amsterdam, Brussels, Frankfurt/Main, London or Paris; at the office of Citicorp Bank (Luxembourg) S.A. in Luxembourg; or at the main office of Swiss Bank Corporation io Basle.

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Withholding of 20% of gross redemption proceeds of any payment made within the United States may be required by the Interest and Dividend Tax Compliance Act of 1983 unless the Paying Agent has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the payee.

Dated: January 14, 1986 MONTANA POWER INTERNATIONAL FINANCE N.V.

UK NEWS

Steel mill closure raises imports level, say unions

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

IMPORTS OF cold reduced strip steel have jumped dramatically since state-owned British Steel Corporation (BSC) announced that it would close the Gartcosh cold rolling mill in Scotland, according to the Scottish Trades Union Congress (STUC).

In a document arguing against the closure of Gartcosh, the TUC accused BSC of misleading ministers and the Scottish people. It backed a recommendation by the parliamentary select committee on Scottish affairs calling on Government to reappraise the closure plan.

The document from the STUC was timed to coincide with the arrival of a group of marchers from Gartcosh who want to lobby Mrs Margaret Thatcher, Prime Minister, to reconsider the closure. The unions argue that it will hasten the eventual closure of the nearby Ravenscraig strip steel works, which supplies Gartcosh. More than 700 men will lose their jobs with the Gartcosh closure.

The trade unions said that in the months after the Gartcosh closure statement, imports of cold reduced strip rose from 45,000 tonnes in September to 69,000 tonnes in October.

"It is now common knowledge in the industry that BSC will not be asked to supply skin panels to any of the UK Ford factories in 1986," it said. Business from Ford's Halewood plant, 70 per cent of which came from Gartcosh, was worth £2.25m for BSC in 1985," it added.

Austin Rover "had its arm twisted" to say it was satisfied with BSC's plans, but the company had placed a large contract with the Sidmar steelworks in Belgium, according to the STUC. It said documents passed to the STUC from within BSC suggested that the order book for cold reduced strip products fell between October and December of last year to some 60 per cent of average.

The campaign to save Gartcosh argues that no other works within BSC is capable of producing Gartcosh's high-quality steel. That is disputed by BSC, which wants Ravenscraig in future to supply crude steel to the Shotton works in North Wales for finishing.

The union document said that closing Gartcosh would remove a vital source at a time when Austin Rover was relaunching the Rover in the US market.

Channel power link ready for trials

By Maurice Samuelson

THE FIRST trial flows of electricity from France to England over the new cross Channel cables may take place this week, electricity officials said last night in Paris and London.

They made their forecast as the Central Electricity Generating Board (CEGB) and its French equivalent were working to overcome the delays in completing the first part of a 2,000 Mw link which will give the UK access to some of France's growing surplus of cheap nuclear electricity.

The £760m link will transmit the electricity across the Channel seabed. The under-sea links are the longest continuous cables of their kind in the world.

French officials said the first trial power flows would be made "very soon." A CEGB official said this could mean before the end of the week.

According to the French national supplier, Electricite de France, the first full-scale commercial exchanges of 500 Mw will begin in March when the first of four undersea cables will be fully operational. A second 500 Mw will be available in May, and the second 1,000 Mw next October.

GAME OF CHANCE TO BE COMPUTERISED NATIONALLY

ICL wins £6m bingo contract

BY RAYMOND SNODDY

ICL, the largest British-owned computer company, has won a £6m contract for technology to allow up to 1m people to take part in a simultaneous bingo game for total prizes in excess of £100,000 a night.

It will be the first time since the late 1960s that national bingo games have been allowed and it took a favourable attitude by the Home Office and a bill in Parliament to permit it. The ICL system will make possible the UK's first electronic national bingo game.

Bingo players score points by marking individual cards based on random numbers called out at each game.

ICL's One Per Desk terminals designed to introduce order into the hard numbers of business are being used to distribute random numbers to more than 800 bingo halls throughout the country.

The National Bingo Game Association (NBGA), a commercial grouping of the main bingo proprietors such as Coral Leisure, Rank, Ladbrokes, Granada and Mecca, considered nine computer and telecommunications companies for the contract.

"Britain leads the world in bingo," Mr Michael Shefras, NBGA chairman, said yesterday.

When the game goes national in the summer, a tight security system will be created to prevents its misuse.

A specially commissioned random number generator will produce the calling numbers for the game. Those will be relayed to individual halls every night – except for Christmas Day – using ICL national computer network and the One Per Desk machines.

The national and regional winners will be notified through the computer network within minutes of the game's ending.

Mr Lee Tate, general manager of ICL international network services called the system "an exciting and novel use of our communications network."

Mr Shefras hopes computers and big prizes will halt the closure of bingo clubs and help to improve the balance sheet.

Chloride completes first phase of reshaping

BY JOHN GRIFFITHS

FIRST STAGE of a crash programme to restructure the troubled Chloride batteries group worldwide has been completed.

The most fundamental change involves the scrapping of its three main geographically-based companies, Chloride Europe, Chloride Overseas and Chloride America, in favour of a new structure demarcated along product lines.

As part of the initial changes, Chloride is also to move from its existing London headquarters into smaller premises, making some half of its 80 headquarter staff redundant. Its technical centre at Manchester in the north of England, will be largely transferred to the new operating companies.

Sir Michael Edwardes, Chloride's chairman, made clear yesterday that these were only the first changes in an overhaul expected to last eight to 10 months and which is aimed at putting the company on a new, competitive footing. He acknowledged that Chloride had "lost its way" since the start of the 1980s.

Managing directors are being appointed to each of the new operating companies, whose immediate task will be to identify all areas in which costs can be cut, productivity improved and marketing policies strengthened.

Chloride employs about 11,000 people worldwide, some 4,000 of them in the UK. Sir Michael said that while there might be some overmanning in specific areas of its manufacturing business, heavy redundancies or plant closures seemed unlikely.

This first stage of the restructuring also provides for the merging of Chloride's Manchester-based industrial operations in the UK, Chloride Motive Power and Chloride Power storage.

Sir Michael said the effect of the changes made so far would be a cost saving of some £7m a year.

Sir Michael took over the chief executive's role temporarily in mid-December after the departure of Mr Ken Hodgson. At that time Chloride said that it had only broken even in the first half of the year and that profits in the second half were unlikely to improve on the previous year's £8.8m. Before the company 'lost its way' it had been achieving pre-tax profits of up to £28m a year.

Sir Michael said yesterday that he would remain as chief executive for as long as it took to see the restructuring completed

Jobless urged to start businesses

BY ALAN PIKE, INDUSTRIAL CORRESPONDENT

THE MANPOWER Services Commission, which administers the Government's job programmes, yesterday launched a £1.4m advertising campaign to persuade more unemployed people to consider starting their own businesses.

Built around the slogan "You've got the enterprise, we've got the allowance," the campaign is designed to promote the Enterprise Allowance Scheme (EAS). The Government bas increased the scheme's budget this year from £109m to £140m,

Under the scheme, unemployed people who have at least £1,000 of their own to invest receive taxable allowances of £40 a week for up to a year.

Research indicates that 81 per cent of participants on the scheme who used the full year's allowance were still trading two years later. For every 100 new businesses started, an equivalent number of full or part-time jobs have been created

Attempt to postpone Rumasa case fails

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

AN ATTEMPT to postpone part of the English litigation arising out of the expropriation by the Spanish Government of the Rumasa group has failed in the High Court.

Lawyers for Mr José Maria Ruiz Mateos, the founder of Rumasa and a key figure in the litigation, had asked the court to postpone the case – due to start on February 17 – until October.

They said that they were unable to get instructions from Mr Ruiz Mateos, because they could not gain access to him in the Madrid prison where he is awaiting trial on criminal charges connected with Rumasa.

Yesterday, Sir Nicolas Browne-Wilkinson, the Vice-Chancellor, said that the situation had changed because a Spanish court had directed that Mr Ruiz Mateos should be released from prison and put under house arrest and he would, therefore, be able to see his lawyers.

The judge said that Mr Ruiz Mateos's lawyers claimed that he still would not be able to give them proper instructions for the English trial until the first stage of the criminal proceedings had been completed.

That had not been sufficiently proved to justify postponing the case, the trial of which was of the utmost urgency, the judge said.

The case concerns ownership of the English trade marks for Dry Sack sherry. Williams and Humbert, a Rumasa English subsidiary, complains that the trade marks were improperly transferred from it to a Channel Island company controlled by Mr Ruiz Mateos and his family.

Later this week the High Court will be asked to order that Mr Ruiz Mateos's evidence be taken on commission in Spain. That will involve the trial judge, or a barrister appointed as commissioner, going to Spain with the English lawyers from both sides to hear Mr Ruiz Mateos's evidence.

The High Court will have to decide whether that should be done before, during or after the trial, and whether the case should be postponed to enable the evidence to be obtained.

Honda goes up-market with new Accord model

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

HONDA yesterday provided further evidence of the way the Japanese manufacturers are swiftly moving their cars up-market by announcing that the new four-door Accord will in the UK cost nearly 30 per cent more than the model it replaces.

The company also revealed that its new Prelude 2.0i-16 is to be its first model to cost more than £11,000. Including car tax and value added tax the price is £11,200.

Honda (UK), a wholly-owned subsidiary of the Japanese group, pointed out that the new Accord is an entirely different car to the old model, with a two litre instead of a 1.8 litre engine, new body and suspension, and a much higher standard of other equipment.

Prices for the new four-door Accord start at £8,290 for the Ex manual compared with £6,390 for the old model, rising to £10.490 for the Exi automatic, against £8.490.

New three-door Accords are to be launched in the UK next month and the indications are that their prices will be well up from those for the models they replace.

Honda has also raised the prices of its Civic models by between 1.5 per cent and 4.5 per cent, with the major increases at the bottom end of the range.

The company's cheapest model, the Civic deluxe manual, now costs £5,200, for example, up from £4,990. At the top of the Civic range, the GT goes up from £6,595 to £6.695. Last year 18,984 Honda cars were registered in the UK, up from 18,916 in 1984, but the group's market share slipped slightly from 1.08 per cent to 1.04 per cent.

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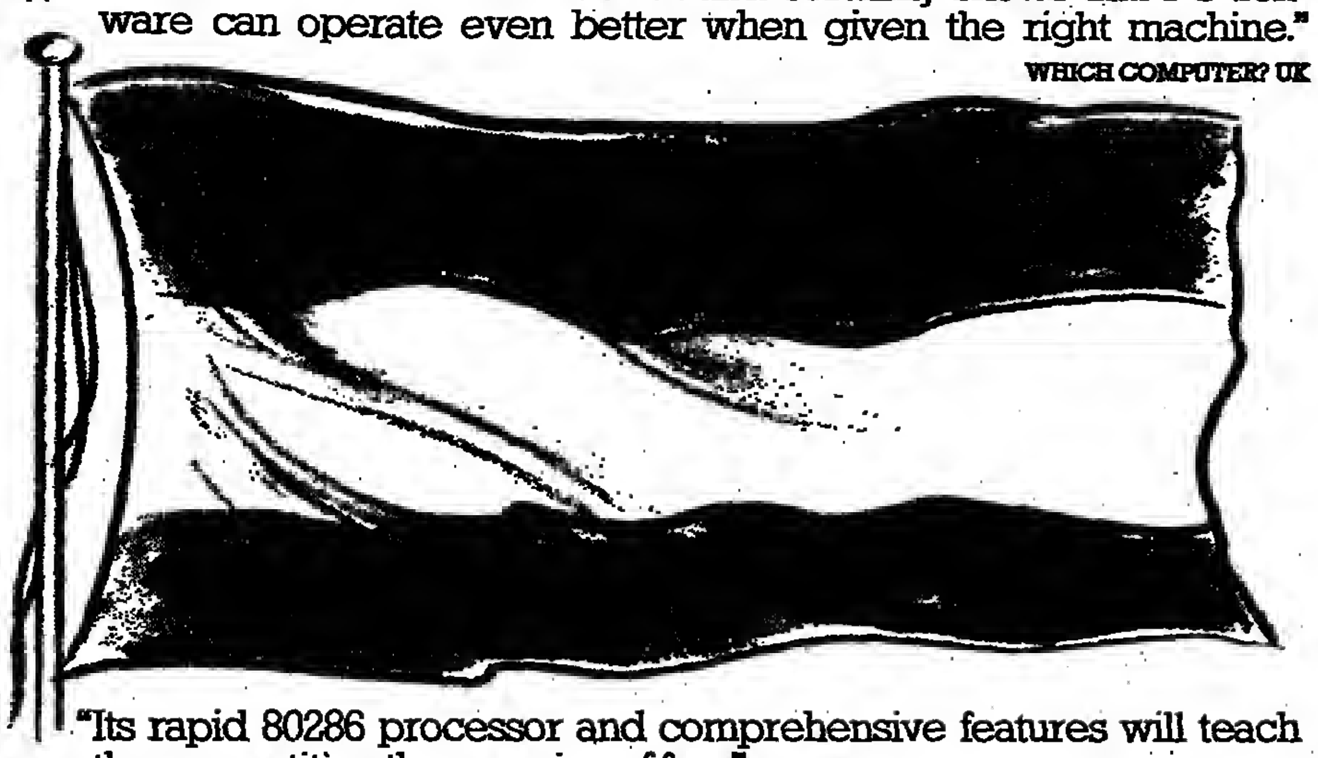

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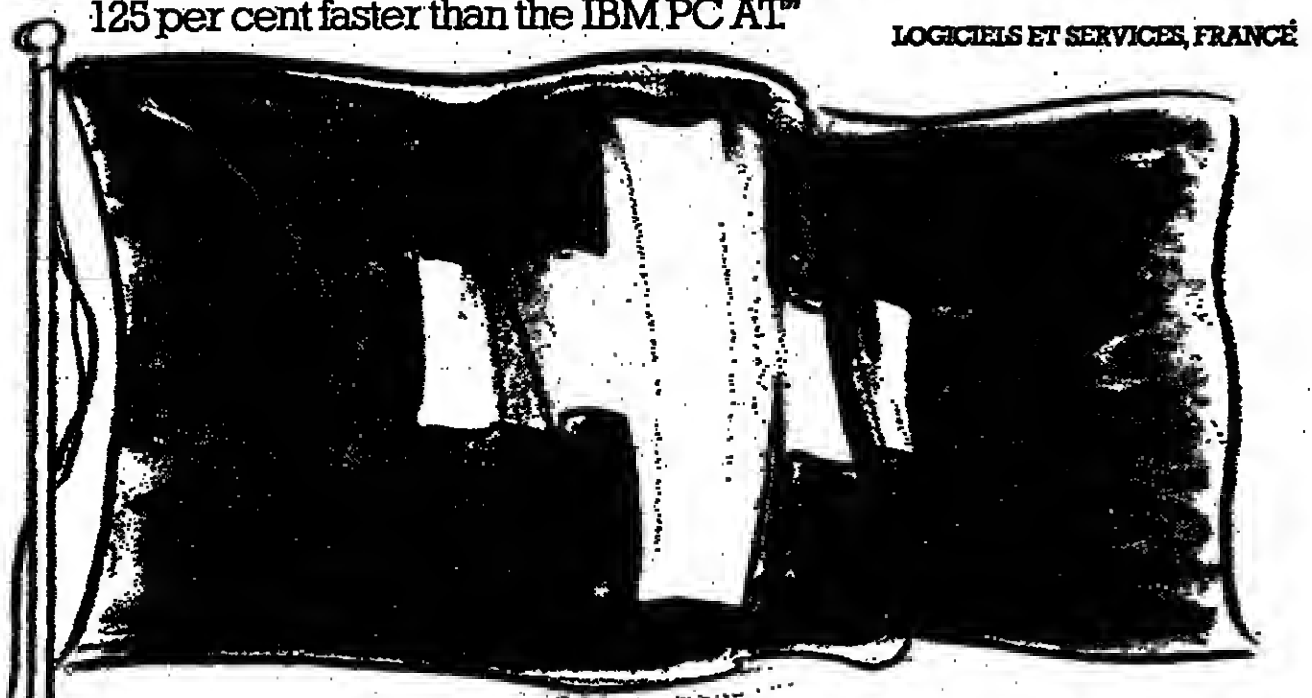

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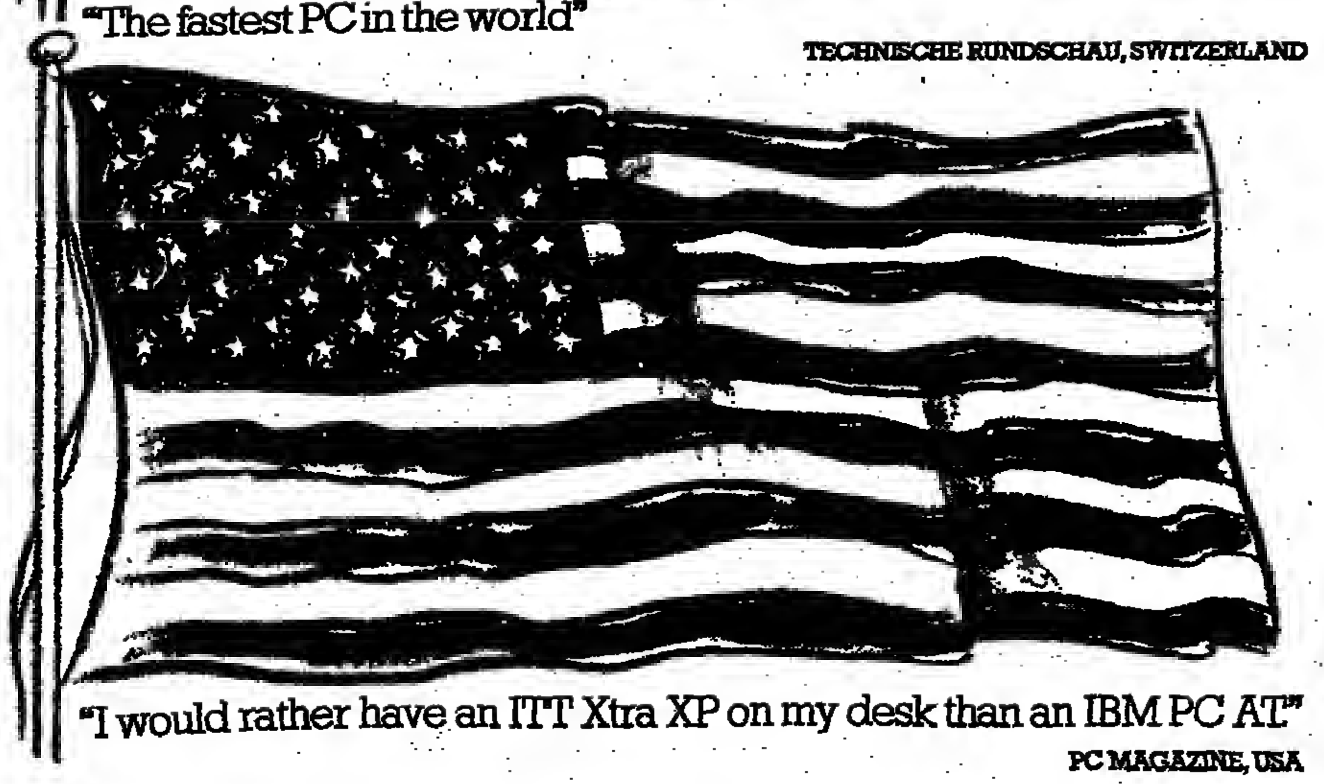

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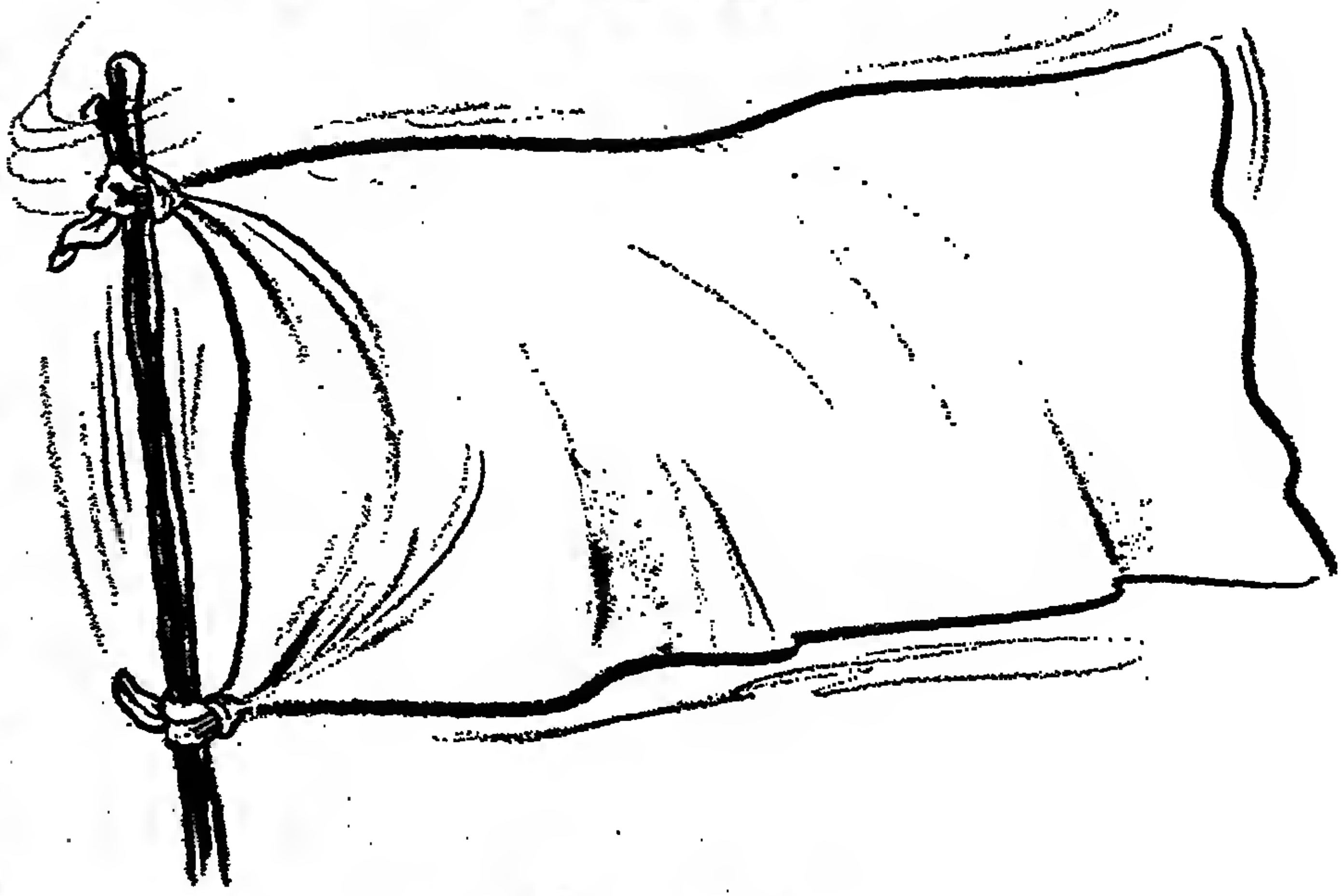

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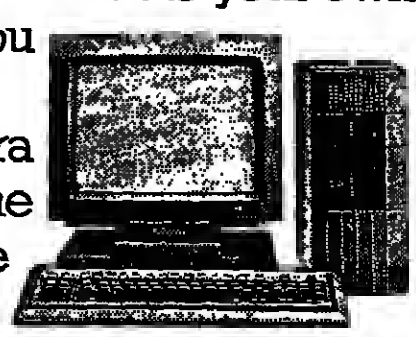

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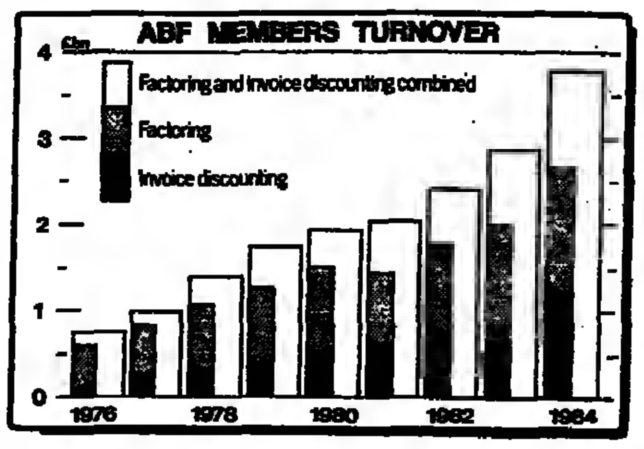
THE MANAGEMENT PAGE: Small Business

EDITED BY CHRISTOPHER LORENZ



Masterminding the cash factor

BY WILLIAM DAWKINS

RIDDLE: David Thomas, managing director of Pictures UK, a small Cornish art trader, believes that without it, he could not afford to do business with his largest customers.

Richard Davis, managing director of a London property magazine publisher, Parkway Publications, says it is the one thing that gives him enough time to manage his company properly. What is the magic ingredient?

The answer, believe it or not, it fectoring — a mnch maligned and little understood financing technique which is nevertheless gaining increasing acceptance among the small business community as an aid to cash flow. The volume of sales serviced hy the eight members of the Association of British Factors (they account for ebout 90 per cent of the industry) has doohied to more than £4bn over the past six years, while the number of businesses using their services has risen by almost 70 per cent to over 4,000 in the same period. ABF results for 1985 are due to be announced shortly and should show further growth.

Those companies still represent a tiny proportion of the total UK small business population of 1.4m. But this is not surprising considering that factors have for years heen overshadowed hy a not completely accurate association with bad debt collecting, darkened further by a cloud of mystique over what ia in fact a straightforward way to raise money.

Four types of service can be obtained—in different combinations—from factoring companies:

● **Recourse factoring.** Money is made available against e proportion, usually up to 80 per cent, of the customer payments due to your business. If the customer goes hust, you pay. The factor has recourse to you for bad debts.

● **Non-recourse factering.** A sometimes more expensive version of the same service, only this time the factor carries the can if your customer goes bust.

● **Sales ledger administration.** Pass a copy of your invoices to the factor and he will chase them up fester and more efficiently than you could. No factor will edvance cash ageinst your debts unless he can handle your sales ledger as well. The service charge—as opposed to the finance charge—is between 0.5 and 3 per cent of sales, depending on whether the service is used on its own or as part of recourse or non-recourse factoring. The size and number of your customer accounts also affect service charges.

● **Invoice discounting.** You keep responsibility for your own sales ledger and accounts collecting, hut can obtain finance for up to 80 per cent of the dehts owed to you.

Finance charges vary, depending on the quality of your customers and tha kind of fectoring you are using, hetween 2 percentage points over hase rate, up to 4 points over base. Of course, finance charges apply only if you actually draw down the cash a factor makes available, though you pay service charges whether you take the money or not.

Factoring has been widely criticised for being an expensive source of last resort finance for companies in trouble. Adding finance and service charges together, factored money could easily cost up to 6.5 per cent over base, or £180,000 annually for £1m of finance.

At the same time, however, factoring can be a useful tool for husinesses entering a period of fast expansion that puts working capital under strain and hence sharpens the need to get paid fast. "Small businesses always tell you thet one of their big problems is getting money out of customers. There is a growing understanding that factoring provides a solution," says Michael Maberiey, chairman of the association, which celebrates its 10th anniversary this year.

Cash flow certainly used to be a problem at Pictures UK, which turned to Credit Factoring International three years ago, when it switched from selling prints and paintings over the counter for cash et its Wadebridge, Cornwall, shop to making bulk sales to the retail trade.

Pictures UK'a David Thomas was suddenly faced with tha need to provide anything up to 120 days' credit to other craft shops, which were stocking up early in the year for the tourist season and could easily huy elsewhere if he did not offer credit.

"But it was imperative that wa got paid npfront," says Thomas, who has seen his annual sales mushroom from £35,000 to £750,000 over the past five years. "A lot of our customers just would not use us if we did not do fectoring," he adds. Thomas admits, however: "It's e hit more than we like to pay. Bnt we are prepared to pay the price when one needs capital in hand."

For Parkway Publications, an important benefit of factoring is in getting e more efficiently run sales ledger without tying up too much management time. "It leaves our hands totally free so that we can get on with running the business," says Parkway's Richard Davis, whose turnover has doubled from £700,000 to £1.4m over the past five years, during which time he has used two factors, Alex Lawrie and Regent Fectors.

Factoring, however, is a highly specialised service and It is worth bearing the following points in mind when shopping around. As with any other service, it is important to collect competitive quotes. Some companies will quote an epparently large service fee, but their finance charge could be as little a two points over bass, which compares very well with a normal hank overdraft. For invoice discounting, there is no service fee, but the finance charge can easily be higher.

Factoring companies will normally ask yon to sign e contract that commits you to use their services for anything from three months to a year. This is because they need to recoop the high initial costs of assessing and setting up the administration of your sales ledger.

If you do want to pull out of factoring, remember that the cash flow edvantages of using the service in the first place will then work in reverse. One way to soften factoring withdrawal paina is to plan ahead and run down your factored finance gradually over a few months.

Fectoring is suitable only if your terms of trade are relatively simple. Commodity-type businesses such as textiles (the industry on which fectoring was founded in the last century), timber or building materials are ideal. But capital equipment or construction sectors where payments teod to he staged and where after-sales service is important, are just too complicated.

It is also worth bearing in mind that factoring is no way to lay off bad debts. A factor will advance cash only against dehts he thinks look like being paid — or approved dehts — and will refuse to touch the rest. If any of your factor-financed debts turn bad, they will simply be returned, unless yon are using a non-recourse factor.

Although factors claim to work very closely with their clients, nevertheless using the service means that you are putting an important part of your customer relstions in somebody else's hands.

However, Maberley explains the edvantages of factoring like this: "When the client is dealing with a big buyer, we konw whom to talk to and how to put in the paperwork. Many small businessmen just put in a statement showing the balance due, which simply cannot be fed into a computer system. Large customers need to know a lot more detailed information than that and we know how to provide it."

Further details can be obtained from The Information Office, Association of British Factors, Hind Court, 147 Fleet Street, London EC4A 2BU.

In brief...

THE Council for Small Industries in Rural Areas is running a further series of weekend seminars for anyone thinking of buying a village shop. The course leader will be Reg Fuller, the former training director of Spar (UK) who is one of nine CoSIRA retail consultants. Subjects covered will include evaluation of the business, obligations to employees and the total sum of money involved. The cost of the seminars is £96. For further information contact David Lingham, CoSIRA, 141 Castle Street, Salisbury, Wiltshire SP1 3TP. Telephone Salisbury (0722) 336255, extn. 329.

*

THE BRITISH Institute of Management has published a series of guidelines under the heading Action for the Smaller Business, aimed et providing advice and information in concise form.

It is felt the series will he of help both to the novice and those wanting to improve techniques. Topics covered include promotion and advertising; apraisal of products and customers; insurance; budgeting; and incorporation, plus a variety of other subjects. Action for the Smaller Business is available at £1.25 each or £7.50 for the set of ten from Jose Ginns, BIM, Management House, Cottingham Road, Corby, Northants, NN17 1TT.

*

COMPANIES EAGER to become suppliers to Her Majesty's Stationery Office should find Selling to HMSO, just published by the department, useful in realising their objective. HMSO currently buys an annual £250m of goods and services for Government departments and other public sector bodies. Products purchased range from rubber bands and gummed labels to microcomputer systems and printing presses.

Three HMSO purchasing divisions—supply, print procurement and technical services—welcome epproaches and the booklet outlines what potential suppliers need to know (as well as providing useful information for existing suppliers). The booklet covers procedures, preference schemes and priority suppliers and products and purchasing information. It is available free from Mrs Verne Hardingham, HMSO, Supply Division, St Crispins, Duke Street, Norwich NR3 1PD.

Training

Fresh approach aims at boosting success rate

BY IAN HAMILTON FAZEY

THE THATCHER Government is rethinking its policy on training for small business and is expected to unveil a new epproach in the next few months. The aim is to pull together all the different sources of management treining in tha UK and co-ordinate them better.

This will enable the various agencies established in recent years to help and encourage small business growth to maximise the enhanced training entitlement and, it is hoped, lead to an improved rate of business successes.

Among new ideas being considered are a voucher system for people who qualify for the Enterprise Allowance Scheme—which allows unemployed or redundant people a £40 a week subsidy for their first year in self-employment or running their own small husiness—and an extra rola for Britain's network of enterprise agencies. At the same time the Government'e Small Firms' Service will drop out of training altogether to concentrate on consultancy to husinesses and individuals.

The Government's proposals have still to be finalised but the while process of change is a logical consequence of the switching of policymaking for small business—and its minister, David Trippier—from the Department of Trade and Industry (DTI) to the Department of Employment (D.E.) last year.

Present training methods reflect formerly divided responsibilities. Tha manpower Services Commission, which is part of the D.E., has an impressive battery of courses and schemes—some of them experimental—under e general umbrella known as the Adult Training Strategy.

Meanwhile, the small firms service—formerly part of the DTI—is responsible for the rudimentary training given to people joining the Enterprise Allowance Scheme.

At the same time, many universities, polytechnics and further education colleges have developed various types of courses for small business, some of which link into Manpower Services programmes.

On top of that, many enterprise agencies have heen arranging short courses or seminars—sometimes in conjunction with local colleges—on particular subjects as needs arise in their areas.

Trippier is now hoping to pull all the strands together and develop them under common leadership, which the DE's control of both the MSC and small business policy has now made possible. He says: "Policy decisions have been made on enterprise training. We ere now considering which are the best delivery mechanisms to use."

The approach he favours is to "bolt on management training to enterprise agencies." The point is that the 300-odd agencies are probably closer than other institutions to small businesses and their needs.

Supported

They are the places people go to for independent advice and help. They are also heavily supported by the private sector, with private sector secondees—who ought to appreciate what people need to know to be successful managers—in key positions. The thinking up and planning of training, and any modification of exiating schemes, would thus have a practical input as well as an academic one.

The idea is not that the agencies would do the training, but co-ordinate it. Courses would still be run in local colleges and also by independent consultants contracted to the MSC and ising hotel conference rooms.

As now, some agencies would continue to stage seminars and short courses to satisfy demand from, say, members of their small business clubs for help on specific management techniques like credit control, but their main rola would be as agent rather than principal.

Pressure to put all training through the colleges has been resisted in the DE—many small business people dislike the institutional ambience of the local "tech," preferring both hotel surroundings and being taught by consultants who are often small business people in their own right.

The enterprise agencies would be expected to take over more responsihility for enterprise Allowance Scheme, freeing the small firms service to become an np-market consultancy for existing small business, mostly referred to the service by the egencies.

This new arrangement would probably see the agencies feeding EAS applicants into college or consultant-run courses on which they would learn the rudiments of setting up on their own.

What Trippier has in mind is that acceptance on the EAS would bring with it two training vouchers, one to be spent on the initial course and the eecond on more advanced training after a year or longer in business. Thie second course would be an innovation, replacing the follow-up visit hy a small firms service counsellor, which EAS participants get now during their first year.

At the heart of Trippier's proposals ia the Government's concern to rednce the risk of failura among new, small husinesses. He says that government surveys have shown that three-qnarters of the EAS beginners were still operating two years efter and that for every 100 EAS businesses that have been set up, 99 additional jobs have been created.

With no failures, Trippier would ha able to claim about half a million new jobs from the EAS during the second Thetcher Government, but up to 125,000 or so less if the present failure rate continues—though it must also be said that the nature of the EAS, with its emphasis on self-employment, is such that those businesses employing others are likely to be the successful ones enyway.

Improving small business training generally therefore makes political sense, however much it matters in its own right. Trippier is expecting few quarrels when the policy is unveiled.

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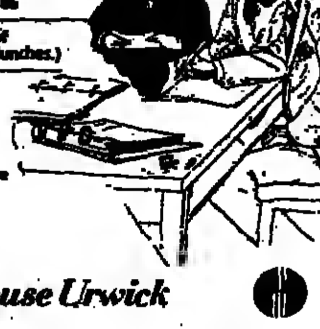

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Camberwell, London SE5

For further information apply: A. J. Patel, FCA

A J PATEL & Co.
CHARTERED ACCOUNTANTS
350 Chiswick High Road, Chiswick, London W4 5TA
Telephone: 01-995 3453

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Ground Floor Retail Shop and Basement
First Floor Offices
Second Floor Flat
Third Floor Flat

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350 Chiswick High Road, Chiswick, London W4 5TA
Telephone: 01-995 3453

Freehold Investment Property

33 BAGSHOT STREET
LONDON SE17

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Ground Floor Retail Shop
First Floor Flat

For further information apply: A. J. Patel, FCA

A J PATEL & Co.
CHARTERED ACCOUNTANTS
350 Chiswick High Road, Chiswick, London W4 5TA
Telephone: 01-995 3453

GARDINER & PEARCE LIMITED

The Joint Receivers and Managers offer for sale the business and assets of Gardiner & Pearce Limited.

- Wholesale distributor of a wide range of frozen foods.
- Annual turnover c.£1 million.
- Located within leasehold premises in Witton, Birmingham.

Enquiries to:
J. A. Talbot or G. D. Cook,
Arthur Andersen & Co,
10 Newhall Street,
Birmingham B3 3NP.
Telephone: 021-233 2101.

ARTHUR ANDERSEN & CO

FOR SALE

PROPERTY INVESTMENT GROUP

Formerly quoted in London Property Section which could be restored. Assets comprise retail (mainly unbroken parades) and office portfolio with £180,000 annual gross rental plus portfolio of gilts and cash

Replies *from principals only to: Box H0465, Financial Times 10 Cannon Street, London EC4P 4BY*

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This long established business has an excellent reputation and sales force and has a turnover of approximately £1m.

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with a good track record in specialist trade publishing, would like to explore the possibilities of merger/association/acquisition with a similar company (or individual) having active young talent available to help ensure and enhance its prosperity. Please write in the first instance to:

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CRANE & PARTNERS
44 Masons Hill, Bromley
Kent, BR2 9EQ

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Issuing, Diary, Calendars, Planners, etc
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PRINCIPALS ONLY
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Bristol BS1 4ST Telex: 449752
0272-277402

PRIME LONDON TRAVEL AGENCY Location. ABTA/IATA/ATOL. Turnover £600,000 approx. Offers invited. Principals only. Wegman & Partners. 01-629 2277.

VERY WELL ESTABLISHED chain of four exclusive Fashion Shops for sale in Home Counties. Valuable leases and goodwill. Phone 01-584 4030 after 8 pm or write Box H.0478, Financial Times, 10, Cannon St. London EC4P 4BY.

Iron Foundry
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The receivers are offering for sale as a going concern an iron foundry business producing high quality grey castings for capital plant, machine tools, compressors and generators.

The foundry has a good forward order book and an excellent list of customers. Business assets include plant and work in progress.

The company has an annual turnover of about £2.5 million and employs 95 people. It operates from freehold factory premises in Worksop, Nottinghamshire.

Sales packages are available on request from:
R. C. Turton or R. J. Hassall,
Spicer and Pegler & Partners,
Clumber Avenue,
Nottingham NG5 1AH
Telephone: Nottingham (0602) 607131

Spicer and Pegler & Partners

Quadrant Filling Stations Limited

The Joint Receivers offer for sale the goodwill, assets and undertaking of the above company based in Greater Manchester. The company operates 10 petrol filling stations located in Manchester, Lancashire and Yorkshire. The assets include 6 freehold, 1 leasehold and 3 tenancies. Turnover in the year ended July 1985 exceeded £6 million.

Further details from the Joint Receivers and Managers:

Maurice C. Withall, Grant Thornton, Fairfax House
Fulwood Place, London WC1V 6DW
Tel: 01-405 8422 - Telex: 28984 GTLDN G; and
Allan Griffiths, Grant Thornton, Heron House
Albert Square, Manchester M2 5HD
Tel: 061-834 5414 - Telex: 667235 GTMAN G

Grant Thornton
CHARTERED ACCOUNTANTS

MAZDA DEALERSHIP
BRADFORD

Offers are invited for the sale of a profitable Mazda Dealership situated in Bradford, West Yorkshire. Included in the sale is a second hand car sales operation and a servicing and repair function. Operating from freehold premises on a busy main road, the business had a turnover in the years 1984 and 1985 of approximately £1 million.

For further details please contact:
Peter, Flesher, Grant Thornton,
Eldon Lodge, Eldon Place, Bradford BD1 3AP
Tel: 0274 734341 - Telex: 51611

Grant Thornton
CHARTERED ACCOUNTANTS

SHARKEY BROS. LIMITED

The Joint Receivers offer for sale as a going concern the business and assets of the above civil engineering company.

The company is based in Leeds and specialises in tunnelling, sewer renovation and open cut pipeline work for local authorities.

Assets available include:-

- Freehold head office, work shop and plant depot (approx. 4 acres) in prime position adjacent to M62/M621.
- Comprehensive range of plant and equipment free from H.P.
- Contracts in progress.

All enquiries to:
Alan Katz or Tony Brierley,
Bank House, 9 Charlotte Street,
Manchester M1 4BU. Tel: 061-228 2121.
Telex: 668898.

ARTHUR ANDERSEN & CO

Helicopter Hire Ltd.

This specialist operator has extensive experience in aerial filming and live TV work as well as offshore support, executive charter etc.

The assets offered for sale include:

- Hangar with fully equipped maintenance base at Southend, valuable lease
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Further information may be obtained from the Joint Receiver and Manager P R Copp FCA, FCCA (ref CJ) 8 Baker Street, London W1M 1DA. Telephone 01-486 5888.

Stoy Hayward
A member of Horwath & Horwath International

KIRK & KIRK LIMITED
(and subsidiary companies)

In Receivership

Established building contracting business operating throughout London and the Home Counties from 13,000 sq.ft. freehold premises in Cheam, Surrey.

Extensive tendering opportunities. Annual turnover approximately £13M.

Further details from: N.J. Hamilton/W.J.H. Elles, Ernst & Whinney, Becket House, 1 Lambeth Palace Road, London SE1 7EU. Telephone: 01-928 2000.

Ernst & Whinney
Accountants, Advisers, Consultants.

Toy Manufacturing Business

Long established business based in Glenrothes, Scotland, specialising in transfers, stick 'n' lift, jigsaws, toys, adventure kits and science sets.

Turnover approximately £3m per annum.

Further particulars telephone 031-557 2111.
Ref: I. Anderson.

Deloitte Haskins+Sells

29 Abercromby Place, Edinburgh EH3 6UE.

A COMPANY MANUFACTURING
MINI EXCAVATORS

Has the majority shareholding for disposal. The company's products fully developed, marketing commenced. Requires association with individual or company with marketing skills.

Full details from:
Box H0492, Financial Times
10 Cannon St, London EC4P 4BY

CONTROLLING SHAREHOLDING
FOR SALE

With Directorship with long established company operating at Midlands airfield providing hangerage and aircraft maintenance facilities to CAA B1 standard. Full technical staff. Would suit individual or company with sales ability.

Write Box H0493, Financial Times
10 Cannon St, London EC4P 4BY

PRECISION MECHANICAL ENGINEERS
FOR SALE

Well established business in London area — good profit record — turnover £350,000. Sales to major electrical groups. Owner retiring — working assets for sale—approx. £200,000. Technical knowledge desirable.

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70 employees
West Midlands.

Principals only, please write to:
Managing Director, Box H0498
Financial Times
10 Cannon St, London EC4P 4BY

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Current Turnover
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10 Cannon Street, London EC4P 4BY

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SUNDRIES IMPORTING BUSINESS
(Turnover in excess of £1½m)

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Company Notices

AZIENDA AUTONOMA DELLE

FERROVIE DELLO STATO

US$250,000,000

Floating Rate Notes 1988 Convertible until February 1986 into 9¼ per cent. Bonds 1992

NOTICE OF EARLY REDEMPTION

On behalf of the Issuer, S.G. Warburg & Co. Ltd. hereby gives notice to the holders of the above-mentioned Notes of the Issuer's election in accordance with Condition 4(B) of the Notes that all Notes outstanding on 28th February, 1986 will be redeemed on that date, at par.

Interest will cease to accrue on all outstanding Notes on 28th February, 1986 and unmatured coupons (whether or not attached to Notes) shall become void on such redemption and no payment shall be made in respect thereof.

S.G. Warburg & Co. Ltd.
Principal Paying and Conversion Agent

14th January, 1986

NOTICE TO HOLDERS OF
EUROPEAN DEPOSITART RECEIPTS (EDRs) IN
FUJITEC CO., LTD.

Further to our notice of September 20, 1985, EDR holders are informed that Fujitec has paid a dividend to holders of record September 30, 1985. The cash dividend payable is Yen 5 per Common Stock of Yen 50.00 per share. Pursuant to the Terms and Conditions the Depositary has converted the net amount, after deduction of Japanese withholding taxes, into United States Dollars. EDR holders may now present Coupon No. 10 for payment to the undermentioned agents.

Payment of the dividend with a 15% withholding tax is subject to receipt by the Depositary or the Agent of a valid affidavit of residence in a country having a tax treaty or agreement with Japan giving the benefit of the reduced withholding rate. Countries currently having such arrangements are as follows:

A.R. of Egypt	F.R. of Germany	Malaysia	Singapore
Australia	Finland	The Netherlands	Spain
Belgium	France	New Zealand	Sweden
Brazil	Hungary	Norway	Switzerland
Canada	Indonesia	Poland	United Kingdom
Czechoslovakia	Ireland	Rep. of Korea	U.S. of America
Denmark	Italy	Romania	Zambia

Failing receipt of a valid affidavit Japanese withholding tax will be deducted at the rate of 20% on the gross dividend payable. The full rate of 20% will also be applied to any dividends unclaimed after April 30, 1986.

Amounts payable in respect of current dividends:

Coupon No. 10 EDR denomination	Gross Dividend	Dividend payable less 15% Japanese withholding tax	Dividend payable less 20% Japanese withholding tax
1,000 shares	$25.00	$21.25	$20.00

Depositary:
Citibank, N.A.
336 Strand, London WC2R 1HB

Agent:
Citicorp Bank (Luxembourg) S.A.
15 Avenue Marie Therese

January 6, 1986

WORLDINVEST INCOME FUND
DIVIDEND ANNOUNCEMENT

DECLARATION OF DIVIDEND No. 18

The Trustees of the Worldinvest Income fund are pleased to announce a U.S.$ 7.50 per share distribution to Shareholders in respect of the half-year period from 28th June 1985 to 26th December 1985.

Coupon No. 18 and also any previously unpresented coupons may be presented for payment on or after 1st February 1986 to any of the following Paying Agents:

Bank of America NT & SA
Hong Kong Branch
St. George's Building
No. 1 Ice House Street
Hong Kong
B.C.C.
BankAmerica Trust and Banking Corporation (Bahamas) Limited
50 Shirley Street
Nassau
Bahamas
Bank of America International SA
35 Boulevard Royal
Luxembourg
BankAmerica Trust Company (Jersey) Limited
Union House
Union Street
St. Helier
Jersey
Channel Islands

Payments will be made subject to any applicable fiscal or other regulations within fourteen days of such presentation.

BankAmerica Trust Company (Jersey) Limited

CREDIT LYONNAIS

U.S.$200,000,000 Floating Rate Notes due 1994

NOTICE OF EARLT REDEMPTION

NOTICE IS HEREBY GIVEN to the holders of the above mentioned notes that Crédit Lyonnais will proceed to the early redemption of the total of the outstanding floating rate notes due 1994 on the next interest payment date falling on February 18, 1986.

Interest accruing on the outstanding floating rate notes will cease as of that same date.

BANQUE INTERNATIONALE A LUXEMBOURG
Société Anonyme
Fiscal Agent

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) IN PIONEER ELECTRONIC CORPORATION

We are pleased to announce that copies of (I) The Notice of Resolutions at the 39th Ordinary General Meeting of Shareholders of Common Stock of the Company held on 20th December, 1985, and (II) The 39th Business Report, for the annual period ended 30th September, 1985, are now available to EDR Holders upon application to the Depositary and the Depositary's Agent The Bank of Tokyo (Luxembourg) S.A. Luxembourg.

THE BANK OF TOKYO TRUST COMPANY
(London Depositary)
14th January, 1986

CAISSE NATIONALE DES TELECOMMUNICATIONS
Floating Rate Notes Issues of USD 300.000.000,—
1985-2000

For the period of one month, from 13 January to 13 February 1986 (31 days), the notes will bear interest rate of $8\frac{5}{16}$ per cent per annum. The payable interest due 13 February 1986 for each nominal note of US$10,000 will be US$71.58.

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) in MARUBENI CORPORATION

We are pleased to confirm that copies of the 1985 Annual Report of Marubeni Corporation are now available to EDR holders, upon application, at the offices of the Depositary, Citibank, N.A., 336 Strand, London, WC2R 1HB, and the Agent, Citicorp Bank (Luxembourg) S.A., 16 Avenue Marie Therese, Luxembourg.

CITIBANK, N.A., London Depositary

January 14, 1986

Public Notices

INVESTIGATION BY THE MONOPOLIES AND MERGERS COMMISSION

Proposed acquisition of SGB Group plc by BET PLC

On 19 December 1985 the Secretary of State for Trade and Industry referred to the Monopolies and Mergers Commission for investigation and report under the provisions of the Fair Trading Act 1973 the proposed acquisition of SGB Group plc by BET PLC.

The Commission are required to report by 19 June 1986.

Any person or organisation wishing to give information or views on the proposed acquisition or requiring a copy of the full terms of reference should write as soon as possible to:

The Secretary, Monopolies and Mergers Commission
New Court, 48 Carey Street, London WC2A 2JT

FINANCIAL TIMES SURVEY

Tuesday January 14 1986

Devon and Cornwall

The two counties are now engaged in a more concerted effort to attract investment from as far afield as the US. The area needs to diversify its economic base as traditional industries such as tourism, fishing and agriculture adapt to a harsher climate

Investment search widens

SURVEY BY ROBIN REEVES

IVOR SIMPSON spent 1980 to 1984 as a member of the British consulate in Boston, Mass., seeking to persuade American companies, planning expansion in Europe, to come to the UK.

Today, be is the first full-time director of the Devon and Cornwall Development Bureau (DCDB), and has just begun tha task of boosting the West Country's efforts to attract more inward investment from overseas.

Mr Simpson's appointment within the past few months is just one indication that a part of Britain noted more for its tourism than for its manufacturing industry, is now in the business of raising its economic profile. The area is intensifying efforts to diversify and strengthen its economic base, and out to draw more attention to the region's virtues.

Other visible signs include the setting np, within the past year, of a Devon Tourism Forum, a highly successful Devon Fare exhibition (now being constituted as a permanent promotion and distribution organisation for the county's produce), and the launching of Cornwall's ambitious plan to stage a major festival and exhibition of the county in London in 1988.

This will show off all aspects of the life of Cornwall, its history, industry, commerce and arts, and its people.

Tha raising of the county's profile is timely, not least because this month saw the entry of Spain and Portugal into the European Community. The significance for Devon and Cornwall can easily be exaggerated but enlargement does place the region nearer to the EEC's geographical centre and the long-established ferry service between Plymouth and Santander presents an immediate opportunity to extend commercial links.

Behind the scenes, there is more discussion in business and academic circles about the region's economic problems and needs. It remains to be seen bow this crystallises politically. But demands for e regional economic development authority akin to the Scots or Walsh Development Agency are being voiced.

The belief is growing that such a body would carry more clout and win a greater share of resources for advance factory and new estate develement in the two countries than is at the disposal of English Estates, the Government agency responsible for factory provision in the English regions.

It would also provide a badly needed source of local venture capital to give greater encouragement to the growth of the economy "from within."

Mr Andrew Smy, Devon County Council's Director of Property and Leisure Services, and a member of DCDB's governing board, is in no doubt that there is considerable scope in this direction. "Wa have an economy with three main sectors — agriculture, tourism and manufacturing. But by and large they do not connect with each other. We need to show that tremendous added value can be achieved if we encourage them to overlap," he says.

As far as inward investment goes there ere so far 31 overseas-owned companies in the two counties, half of them in the Plymouth area. The majority are American-owned, but there is a sprinkling of European and one Japanese—Toshiba.

The new DCDB director, having worked as an official of the Department of Trade and Industry's Invest in Britain Bureau (IBB), is under no illusions about the dimensions of the task before him. "We are competing head-on with the Scots and the Welsh (Development Agencies) and they have vastly more resources than we have," he notes bluntly.

Wage levels

Nevertheless he is cautiously optimistic about prospects. He sees the region's harmonious labour relations and outturn of graduates in high-tech fields as particularly strong selling points.

Devon and Cornwall witnessed the first major no strike agreement between an overseas-owned company and a British trade union—tha agreement between the Japanese Toshiba company and the electricians union, the EEPTU, covering employees at Toshiba'a Plymouth television plant.

Many other manufacturing plants in the region are non-unionised and wage levels are significantly below the UK national average.

Mr Simpson's optimism also springs from his greatly enhanced budget of £350,000 — £200,000 being provided by the IBB and the remainder by the Devon and Cornwall councils — and the backup available. Each council retains an industrial development team who, in practice, also contribute to the bureau's marketing effort.

The DCDB has also secured an extra string to its bow so far uniqua among local authority-backed English inward investment organisations — its own man in the US.

The Government has egreed to one third of the salary of an IBB official now working in Mr Simpson's former Boston Consulate office being paid for ont of DCDB's budget. In exchange, Devon and Cornwall are now entitled to a third of his tima and promotional energies in the Boston area which is one of the main spawning grounds of American high technology companies.

In the circumstances, other regions of the UK, hungry for more inward investment, would be unwise to dismiss the possible impact of what is shaping np as a more aggressive pitch by Devon and Cornwall.

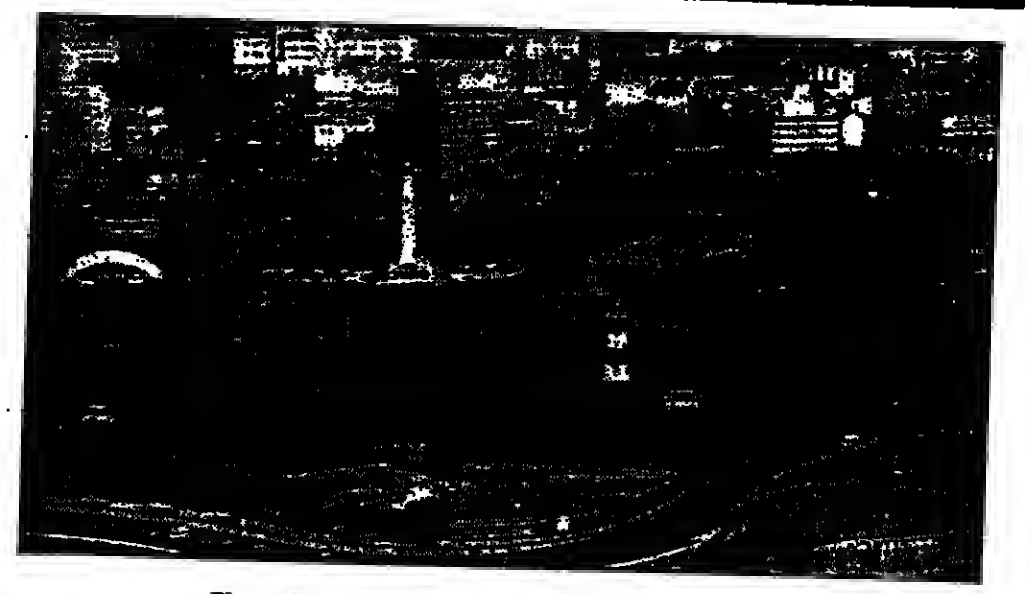
In the past serious co-operation over economic development has been distinctly lacking, not only between the county authorities, but also between them and the only large urban community, the city of Plymonth.

This is because Devon, apart from Plymouth, was until recently largely content with its economic lot, and certainly saw little value in becoming more closely linked with Cornwall's more entrenched economic problems.

Plymouth, meanwhile, took some time to get over the loss of status it suffered in the 1974 reorganisation of local government when some of its influence was lost to the county town of Exeter. It put Plymouth in oo mood to surrender its own long-standing industrial promotion efforts to a broader-based authority. This left Cornwall battling away to attract inward investment in splendid isolatioo and with very limited resources.

Beyond this, the forging of a commmality of interest has also not been belped by the tendency of the Government and industry to lump in Devon and Cornwall with the rest of South West England.

The more concerted approach now being adopted by the two county authorities and Plymouth is obviously partly tha result of the financial carrot offered by the IBB. But it also reflects the fact that even Devon is now feeling the cold winds of structural change and is threatened by the kind of economic earthqnakes which can remove seemingly permanent features of the local economy, an almost commonplace event in other parts of the country.



Plymouth Hoe, one of Devon's most famous landmarks

Uncertainty sets in

Economy

DEVON AND Plymouth, if not Cornwall, were initially shielded from the harshest aspects of the 1980s recession in the British economy by two important factors.

One was the generous protection extended to the region's agriculture by the Common Agricultural Policy: the other the exception made for defence in the Government's otherwise sustained attack on the growth in pnblic expenditure and the particular boost the Royal Nevy received from its military success in the 1982 South Atlantic conflict.

Within the past 18 months bowever the agriculture of both counties has been through the crisis whicb followed the imposition of EEC milk qnotas. Although the most pessimistic predictions of widespread bankruptcies in the dairy industry have not so far proved true, the basic problem—the tendency of the CAP to generate prodnction surpluses—still looms over most other farm commodities produced in Devon and Cornwall. Agriculture, and therefore the rural economy of both counties, is clearly entering a period of prolonged uncertainty.

The picture is also little better for the fishing industry, as an EEC-imposed ban on mackerel fishing throughout the south western waters enters its second year.

Industrially, there is widespread concern over the government insistence upon pressing ahead with privatisation of easily the largest single industrial employer in the region—Devonport's Royal Naval Dockyard. It has alreedy been announced thet this will involve a cutback in numbers employed of 2,000 to 11,000, even though this should be achieved by early retirement and voluntary redundancy.

But there are also fears that the final job loss figure could be far higher. Overall, a climate of uncertainty seems destined to last at least until the new private management of the yard takes over—vesting day is April 1, next year—and probably even longer.

Cornwall, which is also affected by the future of tha dockyard, has meanwhile suffered two recent economic blows of its own. One was 600 redundancies at Compair, a Redruth company long regarded as one of tha county's anchor employers. The other, even more serious, blow was tha recent collapse of the International Tin Agreement buffer stock support system.

Cornish tin mining has enjoyed a significant revival in recent years, but with significantly lower prices now in prospect, the wbole future of an industry which directly employs 1,500 people and supports at least an equal number of jobs in associated industries, hangs in the balance.

Thesa problems promise to exacerbate what was, in spite of the growth in the UK economy generally, still e rising trend in the level of unemployment in both counties.

Devon's jobless rate is just ebove the English average et some 14 per cent, 1.5 per cent bigher than two years ago, while Cornwall's rate is now more than 18 per cent, wbicb is more than 2 per cent up on two years ago. When it comes to male unemployment, the respective fignres are over 15 per cent and 20 per cent.

It is important to reelise that these gloomy statistics also reflect one of Devon and Cornwall's important assets; namely its popularity. Opinion surveys over the years bave shown that, given the choice, more English people would prefer to live in the West Country than

CONTINUED ON NEXT PAGE

Devon and Cornwall 2

Battle to hold market share

Tourism

MRS THATCHER, the Prime Minister, decided last year to transfer responsibility for the tourism industry from the Department of Trade and Industry to Lord Young, the Secretary of State for Employment.

The move was in one way, a significant recognition of the importance which the Government now attaches to one of Devon and Cornwall's most vital industries, and the contribution it can make to new job creation and economic growth.

It also provided another important reminder to today's West Country tourist industry which at the latest count earns Devon an estimated £500m and Cornwall £300m annually — it can no longer go on taking its traditional position as Britain's most popular domestic holiday destination for granted.

Lord Young's emphasis on tourism has given fresh impetus to the already unprecedented effort under way in every part of the UK, including the industrial areas, to mobilise local resources and develop tourist attractions, as a contribution towards reducing the country's unemployment.

In a special report soon after his appointment, entitled, "Leisure, Pleasure and Jobs," Lord Young calculated that the expansion of the tourism industry could create some 50,000 jobs a year in the UK. This means, on a pro-rata basis, the creation of some 1,000 new jobs in the industry in Devon and Cornwall each year, providing the right investment and marketing decisions are taken.

At present, nearly 28,000 jobs in Devon and 13,500 in Cornwall are reckoned to be supported by tourism and leisure-related activities.

St Michael's Mount, a famous tourist attraction in Cornwall

Lord Young's report also noted that the tourist industry growth sectors of the 1980s are short breaks business and conference tourism, overseas tourists, and hobby and activity holidays.

It warned that the traditional long holiday (defined as four or more nights), accounting for 80 per cent of the total holiday market, is likely to show little or no growth.

Devon and Cornwall's tourist industry has been built upon the peninsula's hundreds of miles of sandy beaches and coves and their attraction to the family wanting a traditional fortnight's bucket and spade holiday; in short the kind of UK destination which has had to fight hardest against the cut-throat competition of the foreign package tour operators.

Between 1978 and 1982, there was an alarming decline in the number of visitors. The number of tourist nights spent in Devon, for example, fell by nearly 16 per cent.

Since then there has been an overall recovery in the number of long holidays spent in Devon and Cornwall. Devon County Council has laid the foundation for a more business-like approach to the industry's needs by establishing within the past year a Devon Tourism Forum.

The Forum promises to put fresh bite and professionalism into the constant battle to maintain the region's share of the tourism market. But success is by no means assured. Last year's poor summer, for example, and the recent intense competition among foreign package tour operators could well encourage more British holidaymakers to go abroad this year.

On the other hand, English China Clay's Haven Leisure subsidiary, which claims to be the largest operator of holiday parks in the West Country, recently reported a 20 per cent increase in advanced bookings. A feature of Haven's parks are their all-weather facilities, such as indoor swimming pools, and entertainment clubs and games rooms.

In short, there are amenities which can be provided to compensate for the lack of guaranteed daily sunshine—as promised, say, by Mediterranean destinations. But they usually require substantial capital investment.

The West Country tourist industry has also had to learn to fight back in other ways. It is only comparatively recently that Britain's traditional resort areas have recognised that their "product" needs also to be packaged and marketed as attractively as the modern foreign holiday.

Now Exchange Travel, for example, which owns Cornish Leisure World, a 77-acre holiday complex at St Austell Bay attracting 750,000 holiday makers a year, is distributing a Devon and Cornwall holiday programme offering packages based on a wide range of accommodation situated in 40 seaside resorts and seven countryside locations. The packages are on offer to the travel trade at a set commission and are backed by national advertising and point of sale material.

Ideally perhaps Devon and Cornwall hoteliers ought also to hit back against foreign competition by encouraging inward charter flight holidays via the region's own airports. But so far only one Dutch operator, Unitravel, has chosen to use Exeter airport for a packaged holiday, the Torbay area.

The West Country Tourist Board reckons that because of the relatively high prices which operators have to pay to buy seats on the low volume air routes into Exeter, the scope for increasing the number of tours using local airports is small. Stepping up efforts to divert more French and Spanish tourists using Brittany Ferries services into local resorts is seen as a more fruitful avenue for growth.

But in these circumstances Devon and Cornwall are not ideally placed to capture a major slice of the increasing foreign tourist market—some 25 per cent more foreign tourists are forecast to visit Britain over the next four years.

More attention is being paid to encouraging the market for short break holidays (of one to three nights) as the more fruitful avenue for growth. It currently accounts for 17 per cent of the total market and the West Country has the largest share—15 per cent of the UK total.

Even so, there is no guarantee that the 10 per cent growth forecast for this sector over the period 1982-87, in terms of both nights and expenditure will be to the benefit of Cornwall and some parts of Devon. According to recent research, people travel on average only 129 miles to reach their short break destination, a distance from the main population centres which is likely to bring greater benefit to other parts of the West Country.

Privatisation brings efficiency drive

Devonport Dockyard

EARLY LAST month Plymouth and a significant area of Devon and Cornwall woke up to find that a long-threatened change in the local economy, which many assumed would go away, suddenly seemed certain to become reality — privatisation of that region's largest single industrial employer, the Royal Naval Dockyard at Plymouth.

The possibility of a radical shift in the dockyard's form of management towards a more commercial approach has been talked about on and off for almost a decade, but had never come to anything.

The plan by Mr Michael Heseltine, the former Defence Secretary, to transfer management of the dockyard from the Ministry of Defence to the private sector was thought by many to be similarly fated; even though the enabling legislation had started its passage through parliament and although there were already expressions of interest from the private sector, notably from the managements of two major industrial groups, British Aerospace and Trafalgar House (which includes Cunard among its subsidiaries).

Last month's rude awakening to reality was provided by an unexpected break in the ranks of the (until then) united local opposition to the Government's privatisation proposals.

Mr David Johnston, 49, managing director of the dockyard, and nine of his senior management colleagues, announced that they had decided to compete themselves for the franchise to manage the dockyard as a privatised concern.

With the help of Barclays Merchant Bank and accountants Peat, Marwick and Mitchell, they have already formed their own company, Devonport Dockyard Ltd, to bid for the contract and begun soundings in the City about attracting further institutional investment and private sector management expertise.

If successful, they also propose to invite employees and their families to become shareholders in the company with a minimum stake perhaps as low as £50. Their model is the management buyout of the National Freight Corporation one of the first public enterprises to be privatised.

Mixed reaction

Political reaction to the management initiative has been mixed. But a "hearts and minds campaign" to win local, and particularly employee, backing for the bid has been launched and a commitment to buying goods and services locally and support of the local economy generally is already emerging as a key aspect of the campaign.

Interestingly, one trade unionist has already indicated that attitudes are shifting on the grounds that perhaps it is a case of "better the devil you know."

Besides its military importance as Britain's principal naval refit and maintenance base the historic Devonport dockyard complex, should also be viewed as an exceptionally large business undertaking, with an annual turnover of some £300m a year and, currently, some 13,000 employees.

It has the capacity in its wide range of ship repair drydeck, and back-up engineering design and maintenance facilities to refit anything from an admiral's dinghy to a nuclear submarine.

At present those who work there are civil servants with civil service pay and conditions and ways of doing things which, it is argued, impose bureaucratic restraints and make effective industrial management impossible.

Under the Government's plan the contract is due to be awarded in November and the new (private sector) management to assume formal control of the business in April, next year.

Formulating a politically feasible privatisation scheme for the dockyard was not easy. The Government wanted to put the dealings between the dockyard, the Royal Navy and the rest of the Ministry of Defence on a commercial footing. Equally, it recognised that the dockyard's assets could hardly be sold to the highest bidder.

The assets are a key military resource in which the taxpayer has invested some £200m over the past 15 years. Furthermore, they will require capital investment of a further £100m over the next decade.

Hence the enabling legislation now being enacted by parliament provides for the dockyard's assets to be leased to the private sector on a seven years franchise basis.

Whoever wins the competition for the franchise is assured, initially at least of a "core business" of 70 to 80 per cent of the dockyard's existing MOD-allocated work. The remainder will have to be tendered for, not only in competition with Scotland's Royal Naval dockyard at Rosyth, but also the rest of the UK ship repair industry.

Royal Naval vessels entering Devonport Dockyard

Of course there is no guarantee that Devonport's existing management will be awarded the contract. Indeed while stating he had no objection to the bid, Mr Heseltine also emphasised that Mr Johnston's team would receive no preference or special consideration.

The Government may decide that the business needs a completely new broom in the shape of BAe or Trafalgar House, or an, as yet, unnamed potential suitor. But by giving the Government the option of sanctioning a "management buyout" of the business Mr Johnston and his team are also providing the Government with a route for the introduction of privatisation which is less liable to difficult—and politically hazardous—hand-over problems in what promises to be the run-up period to a General Election.

In the meantime, Mr Johnston and his colleagues have already begun the task of preparing the dockyard for operating in a commercial environment. "The Devonport Challenge" as the programme launched last April is dubbed, is designed to reduce unit costs by 15 per cent over the two years; the targets are a 17 per cent reduction in expenditure on an output reduction of only 2.5 per cent over the same period.

The most prominent result of this efficiency drive is that some 2,000 of the 13,000 jobs in the dockyard are set to disappear before privatisation, a job loss which has understandably been causing anguish in many quarters and is fuelling demands for special assistance to deal with the consequences. Not only can the region ill afford to lose any job opportunities at present, but there are fears that the cutback in jobs could turn out in practice to be far greater.

On the other hand, 2,000 redundancies will still leave the number of dockyard employees at the 1981 level (Devonport gained work and employment as a result of the closure of Chatham and cuts at Portsmouth) and most, if not all of them will be achieved by early retirement and voluntary severance arrangements.

In the long run, privatisation could arguably lead to Devonport making a greater contribution to the local economy, both by releasing scarce skills and making its high tech skills and expertise more accessible to local industry.

Mr Johnston stresses that once under private management, Devonport will be free to expand into new markets and make the most of its technical design services and sophisticated capabilities in electrical and electronic engineering, in such fields as the design and construction of offshore oil rig modules.

Investment search widens

CONTINUED FROM PAGE ONE

any other part of the UK, and that they are doing so in increasing numbers.

At the last count, whereas the population of England was showing a net growth rate of only 0.4 per cent per annum, in Devon and Cornwall the rate of population growth has been averaging 2 per cent and 3 per cent respectively.

The popularity of the two counties for retirement is only part of the story. Industry, local government and academic institutions all stress that they never have difficulty in recruiting staff of the calibre they require because it is a part of the world they are happy to live in.

As industry becomes increasingly mobile and independent of location, the ability to attract staff on the right calibre—and keep them—is becoming increasingly recognised as an important ingredient of economic success.

So too is the interface between industry and academia. Besides having its own university at Exeter the region's growing need for scientific and industrial skills and research up to graduate level are particularly well-served by Plymouth Polytechnic which has just launched moves to become a university in its own right.

Devon and Cornwall's perceived industrial drawback in the recent past has been its communications infrastructure. Certainly, for many years, the rate of improvement lagged behind that being achieved in other parts of the country. There were annual "silly season" horror stories of mammoth traffic jams on the Exeter bypass every August which must be etched deeply on the memory of many a British industrialist.

Arguably, the image lingers on, even though today a motorway standard dual carriageway from the M5 sweeps past Exeter and onto Plymouth and completion of a modern strategic road network for both counties is now within sight.

Work is due to start soon on the long delayed Oakhampton bypass, a most important link for Cornwall, and the key Tiverton-Newtown and Barnstaple bypass stages of North Devon link road, which will end the relative isolation of Devon's north coast.

No less important for encouraging the region's economic growth has been a striking improvement in rail and air links. Thanks to British Rail's High Speed Trains and key improvements in the railway track, the journey times to London have been reduced to two hours from Exeter and three hours from Plymouth.

The businessman wanting to travel to Continental Europe or across the Atlantic is also well served by a locally-based operator, Brymon Airways. It not only now runs frequent daily flights between Plymouth and Newquay and Heathrow and Gatwick, but may soon be offering quick connections with central London, of great value to the local business community.

Brymon is widely tipped to win the franchise for operating services in and out of the planned new London docklands airport. The company uses a fleet of De Havilland Dash 7, Short Take Off and Landing (STOL) aircraft, which are tailor-made for this airport.

Coping with changes in assistance status

Industry

MANUFACTURING accounts for little more than 20 per cent of employment in the local economies of Devon and Cornwall, compared with nearly 30 per cent in England as a whole. But what the manufacturing sector of the two counties lacks in size it makes up for in variety.

There is a tendency to believe that the only manufacturing enterprises which can prosper at a long distance from the main poulation centres, are those producing high value, low volume products.

Devon and Cornwall belle this theory. As well as having an expanding range of high technology companies producing sophisticated modern electronic products, the two counties also have companies in high volume, low value products.

Snch manufacturers find in practice that the significantly lower costs they enjoy for their factory accommodation and labour can easily offset the higher distribution costs and executive travel expenses involved in what soma may regard as out of the way locations.

That said, one of the industrial perks of locating in Cornwall at least used to be the automatic regional development grants of up to 22 per cent on building plant and machinery. Now there is a lot of discontent among local industrialists over the recent cutbacks.

Many insist that availability of automatic grants often made all the difference to the viability of a relocation or expansion project.

According to Mrs Doris Ansari, chairman of Cornwall County Council's planning committee, ministers are still failing to appreciate the vital role which automatic regional grants have played in bridging the gap between industrial development costs and returns for developers, despite some strong lobbying.

Assistance has not disappeared altogether, but it is generally more selective and jobs dependent. Broadly speaking, a belt of territory centred around Truro has lost assisted status altogether but the rest of Cornwall has retained either Development Area or Intermediate Area status.

Plymouth has been downgraded from DA to IA, but at least remains on the assisted areas map, the only part of Devon to do so.

It remains to be seen how far these changes affect the level of manufacturing investment. At present, there are still major projects in the pipeline, the most prominent scheme being Plessey's £50m futuristic-looking microchip plant, now nearing completion on tha outskirts of Plymouth.

Scheduled to begin production in October, the plant will be the first in Britain with the capacity to produce a CMOS 6 inch silicon wafer. It is expected to create 600 new jobs by 1990. These would be in addition to the 260 already employed at Plessey's existing plant at Plympton, a few miles away from the new facility.

A no less prestigious, though far less expensive project has been British Aerospace's decision to invest £4m in building a new 30,000 sq ft research and development facility at Plymouth, creating up to 220 new jobs.

Preference

Interestingly, Plymouth was chosen in preference to the company's original choice of Stevenage, near London, after British Aerospace found it attracted a far better response rate to its advertisements for engineers.

More recently, Wandel and Goltermann, a wholly owned subsidiary of the West German-based electronic measuring equipment manufacturer, has just announced a further project to double its manufacturing space to 84,000 sq ft. A 44,000 sq ft extension was opened only last year.

The company, whose instruments range from pocket-sized meters to automated surveillance systems for whole networks had trebled its turnover in five years to £6m and employment from 121 to 190. By the end of the new expansion phase it expects to increase its labour force substantially. Meanwhile, Texas Instruments, another well-known name in the electronics field, also completed a project recently which doubles the output capacity of its Plymouth facility.

Toshiba Consumer Products, the Japanese electronics company has expanded from television manufacture into video recorder manufacture and, more recently, into microwave ovens. The company first arrived in Plymouth to try to revive the fortunes of Rank's television plant through a joint venture with the British company.

Rank subsequenty pulled out and Toshiba negotiated and pioneered a single union, no strike labour agreement with the electricians union, the EEPTU, which has become a model for plant bargaining elsewhere in Britain.

The new oven plant is due to produce 90,000 ovens in its first year and, thereafter, 20,000 units a month, to met booming UK demand for this product.

Other Plymouth expansions include Rittal CSM, another German company, which has just built a new plant to produce metal frames and containers promising 300 jobs. This was after the company had outgrown its premises just across the border in Cornwall. A high proportion of the output is scheduled for export.

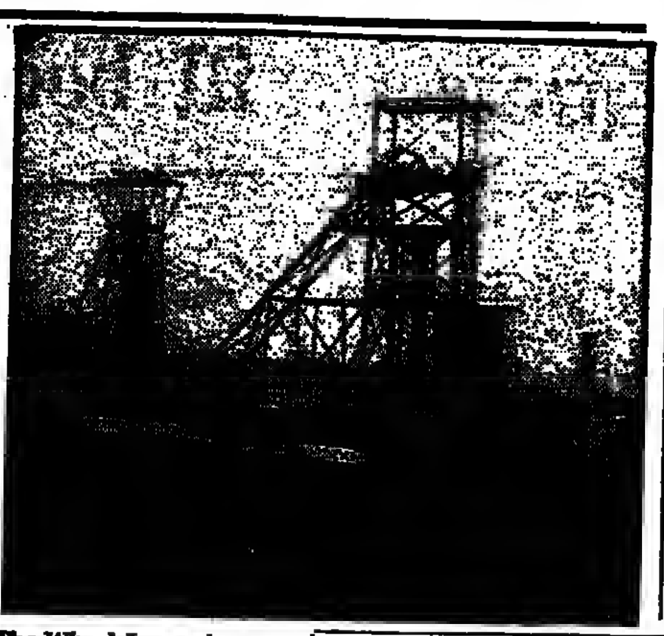
Becton Dickinson a US-owned manufacturer of blood sampling equipment, and one of a number of pharmaceutical and medical equipment companies in the region, is spending £1m on further expansion. So too is Hoechst, the West German chemicals group, at Cox Pharmaceuticals of Barnstaple, a company it acquired recently.

In Cornwall, the scale of manufacturing industry and therefore the level of investment, tends to be smaller. Some internationally-known relatively recent newcomers such as J. I. Case, the US heavy earth moving equipment manufacturer, and Pall Corporation, producers of industrial filters, have grown significantly.

According to Mr Colin Griffin, Cornwall's planning director, every overseas-owned company in the county is either expanding or thinking of expanding because of tha quality of their local workforce and the industrial relations generally.

An optimistic picture is also painted by a recent survey of companies occupying industrial estates throughout Cornwall. This showed that there has been a net gain of 2,000 new manufacturing jobs in tha county over the past five years.

Inevitably, more typical are the expansions being undertaken by small concerns. Quasar of Liskeard, for example, a recently established company is investing significant venture capital funds to expand and upgrade the design and manufacture of new generation precision components for the microwave communications industry.



The Wheal Jane mine (above) was hoping for a new lease of life but the future of Cornwall's tin industry, its 1,500 miners and associated employment hang in the balance as a result of the recent collapse of the International Tin Council's buffer stock support system. Prices need to settle not far below £7,000 per tonne when trading resumes, if the industry is to survive in its present size and shape.

Another small company, FIC (UK) of Penzance, has developed in a few years into a leading world producer of specialist sensors and instrumentation for the glass melting industry. Some 95 per cent of production is being exported.

South West Leisure Products, a Redruth swimwear company was launched as recently as 1982. Having satisfied a number of leading retail outlets with its design, quality and delivery, the company which already enjoys annual sales of £500,000, has ambitions to be a £5m company in five years' time.

Spectra Automotive and Engineering Products the largest manufacturing employer in Newquay, is expanding at the rate of 25 per cent a year, as efforts to increase the enormous potential market for specialist car care products at both home and abroad begin to bear fruit.

Mr John Sharpley, the company's new chief executive says that Spectra is now the third largest UK manufacturer with turnover up to £4.4m. Some 80 per cent of production is being sold on the domestic UK market but he sees considerable scope for increasing exports, not least to Spain via the ferry from Plymouth.

EEC legislation spreads gloom

Agriculture and Food

DEVON PATE, oysters, smoked trout, sorbets, roast sirloin, honey products, cheeses, real ale and wine were among an astonishing array of food products on display at Devon Fare's stand at the Royal Show last year.

It marked the unveiling of what is planned as a sustained campaign, promoted by Devon County Council, to make better use of tha country's wholesome food image.

"We have a fine range of foods which deserve to be promoted. Growth will create new employment opportunities; whether on farms making cheeses, patés and preserves, or in factories, does not matter. Every premium food product from Devon is also a potential advertisement to the tourist and an invitation to visit," says Mr Andrew Smy, the county director of Property and Leisure Services.

Although best known for its dairying and livestock — the county boasts its own breeds of both cattle and sheep — the agriculture of the county is unusually varied. Just a few miles to the south of the bleak hill sheep country of Dartmoor, is the district of South Hams which is a highly successful, continuous cereals growing area.

The exact form any new quotas take will be decided in the inevitably marathon annual EEC price negotiations between ministers of agriculture of the Community in Brussels over the next few months.

The immediate crisis has receded in the dairy industry. A total of 146 out of 3,451 milk producers have accepted payments under the "outgoers" scheme and, for a variety of reasons the UK dairy industry is undershooting its quota and therefore not attracting the EEC superlevy penalty.

It is a sign of the times that west country livestock producers have begun to voice worries that moves to force east of England cereals growers to take land out of production to curb EEC's grain surpluses will lead the farmers concerned to switch to livestock production.

In theory, Devon, and for that matter Cornwall, are well placed from the point of view of climate, to produce lower cost milk and milk products than most other areas of the EEC.

But it requires dairy producers to get out of the habit of boosting milk production by generous use of concentrated feedingstuffs and to make better use of their grassland.

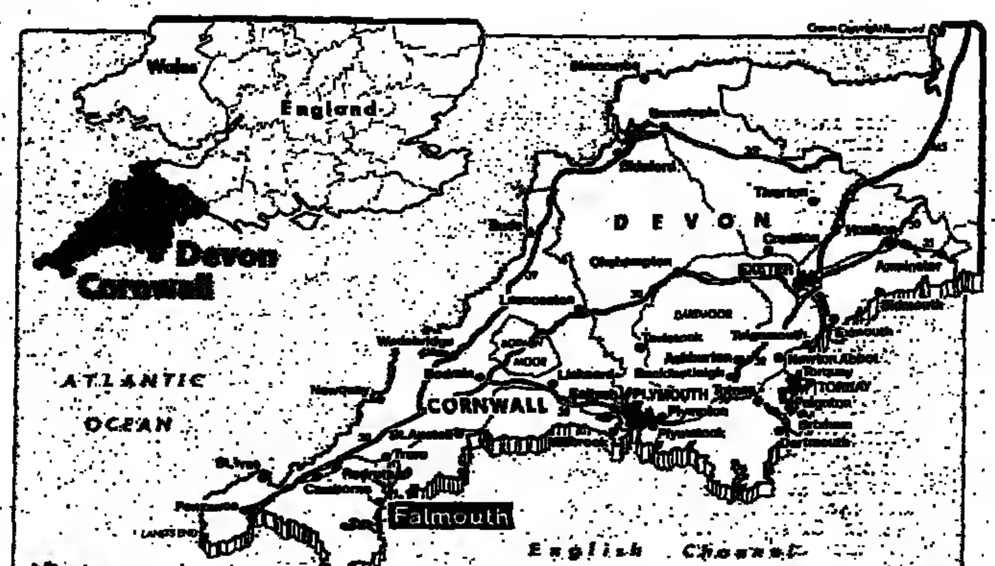
The problem is that modern silage feeding techniques, such as buffer grazing require improved grassland management skills, at a time when farm incomes are falling and the Government is pushing ahead with the introduction of charges for its advisory services.

Despite the enormous strides made in the productivity of agriculture, there is still a wide gap in performance between the top third of farmers and the bottom third.

The trouble with charging for advisory services is that those who need it most are least likely to ask for it.

Devon and Cornwall 4

£78m project will boost jobs



Profile: Falmouth Container Terminal

THE CORNISH port of Falmouth appears to be poised on the threshold of a significant recovery in its economic fortunes. If everything goes according to plan, construction work will start this summer on a long-heralded scheme to create a large container trans-shipment terminal at Falmouth serving ports throughout Continental Europe.

This will allow the terminal to accept its first container shipment either at the end of next year or early in 1988.

The project, which, on the latest estimate, will cost about £78m, is being backed by a broadly-based private consortium, Falmouth Container Terminal. Consultant engineers are Posford Pavry and Partners.

The project has been mooted for so many years that there is understandable scepticism whether the terminal would ever, in fact, see the light of day. Statutory permission for the development, in the shape of a Falmouth Container Terminal Act, first received the Royal assent as long ago as 1971.

Nothing was done during the 1970s and, in 1980, the Act had to be renewed, extending statutory authority for the project up to October, 1988. However, not only is that deadline now approaching but the developers have also completed some £200,000 worth of investigation.

The enabling Act lays down that the developers must satisfy the Transport Secretary that the proposed container terminal will not create a navigation hazard. In order to comply with that requirement, the developers have had to commission detailed hydrographic and seismic studies of the Fal estuary and its approaches.

That work is apparently now almost complete and the requisite report on the results will be submitted to the Department of Transport, probably in March.

Assuming the department is satisfied and approval is granted within a matter of weeks, the construction contract will go out to tender immediately. The chosen contractor is expected to be on site by August at the latest.

The most expensive item in the project is reclamation of 80 acres (24 hectares) of the Fal estuary to create the quays and hard-standing area for containers. Reclaimed land will also be protected by a breakwater along its south-east boundary.

Handling capacity of the new terminal will be around 250,000 TEUs (20 ft equivalent units) a year. But more important, the terminal will be able to accept the largest ocean-going container ships at any state of the tide, in what is already one of the finest natural, self-scouring deep-water harbours in the world.

The commercial logic behind the development is that modern container vessels are becoming ever bigger and more expensive to run. These days, they have to halve their speed, steaming in the English Channel, and slow down still further for the long, piloted approaches to most European container ports.

The new Falmouth facility will allow the largest Europe-bound ocean-going carriers to offload their containers at the entrance to the English Channel for trans-shipment to other European container ports by smaller feeder vessels—and vice versa.

The latest generation of large containerships carry some 4,000 containers each, which Falmouth would break down into trans-shipment consignments, which will travel in three ways. Broadly speaking, it is reckoned that some 70 per cent of the throughput will be trans-shipped by sea.

A further 25 per cent will be sent by rail to inland container depots, leaving only 5 per cent of throughput to be distributed by road to customers in Cornwall and Devon and the south-western fringes of Somerset and Dorset.

In terms of employment, the development is expected to create 400 construction jobs and 250 direct permanent posts. But at least a further 1,250 jobs are expected to be created in the Falmouth area indirectly. Recently privatised Falmouth ship repairers, immediately next door to the terminal site, should also benefit from significantly increased business.

In Plymouth, meanwhile, Associated British Ports is nearing completion of a new £4m berth at Millbay Docks. Designed for ships of up to 180 metres in length and 8 metres draught, and capable of handling the largest roll-on roll-off freight and passenger ferries operating on continental routes, the new investment also includes expanded handling facilities for passengers, cars and freight vehicles.

Plymouth handles around 16,500 freight vehicles, 80,000 passenger vehicles, and over one-third of a million passengers a year.

Brittany Ferries' services between Plymouth and Brittany and Spain have developed rapidly in recent years. ABP believes that total traffic through the port could more than double as a result of the new berth.

The potential for increased trade with the Iberian peninsula is also behind a scheme for revitalising Dartmouth as a commercial port, which is being enthusiastically promoted by South Hams District Council.

A feasibility study of the Dart Port project, commissioned by the local authority, suggests that construction of a three-berth quay on the site of what was once a shipyard could generate a turnover of £1.75m within two years, and £3.5m within five years. The £6m project would provide up to 500 jobs directly and indirectly in local economy.

There is opposition to the scheme at county level, which fears it could spoil the environment but Mr F. G. Palmer, chief executive of South Hams, says that new job opportunities for young people are essential in a community which has an increasing proportion of its population in the over-60s.

He is unimpressed by suggestions that the site might be better used for the development of a yachting marina. "We have three marinas in the Dart Valley already," he says.

Shoppers in the traffic free lanes in the centre of Exeter

Exeter prepares to expand

Retail Property

AFTER YEARS of fighting against the development of out of town superstores, the City of Exeter is about to stand established policy on its head with the aim of strengthening its role as a regional capital.

The city has long been happy to develop as Devon's administrative and office centre, and it has also been very successful at it. Although the population at only 102,000 is less than half that of Plymouth's, Exeter is the regional headquarters of most public utilities, and of banks and insurance companies serving the West Country.

In the case of London and Manchester Assurance, the city boasts the main headquarters. The company relocated to Exeter in the late 1970s, and is now the city's largest private sector employer with a staff of 900. But Exeter has been less than enthusiastic about modern retail trends, insisting that all developments should be confined to the city centre area.

The issue has been brought to a head by a planning appeal decision in favour of allowing CRS to go ahead with a 90,000 sq ft Homeworld non-food superstore, on the outskirts of the city.

The Department of Environment inspector in the same enquiry rejected a 52,000 sq ft out of town development proposed by Tesco. But in the case of the Co-op scheme he granted consent on the grounds that it was "a regional facility."

The decision drove a coach and horses through Exeter's long established policy which in the past has seen off proposed developments by Sainsburys and Asda and Tesco.

As it happened, the inspector's decision also coincided with Conservative loss of control of the city council, and the installation of a Labour, with Alliance support, leadership dedicated to putting Exeter more prominently on the map by boosting its economic activity.

The net result is that the city Council has commissioned consultants Hartnell Taylor Cook, Drivers Jonas and Ove Arup and Partners, to study the whole question of Exeter as a regional shopping centre, and to make recommendations.

A recommendation against a policy change is regarded as unlikely in the extreme. Indeed, it is being suggested that Exeter must move quickly or it could lose out in shopping terms to Taunton, Newton Abbot or Plymouth. Some 600,000 people lie within 40 minutes drive of the city, but they could given the right developments be attracted elsewhere.

Exeter has a number of potential sites for major development all associated with easy access to and from the M5 motorway which sweeps round the eastern side of the city.

CRS's new Homeworld store lies on the Sowton trading estate and there is room for further development there, but it is felt that any large out of town development for Exeter should include a park and ride transport facility, linking it to Exeter city centre. Traffic congestion and lack of convenient parking is a problem in Exeter. But this solution would allow the city centre to fulfil its potential as a fashion and specialist shopping area.

One serious contender for a major out of town development is the Digby Hospital site, located on the old Exeter bypass which has excellent road and rail access. Another site being mooted is Exeter airport, the removal of a cross runway (unnecessary for modern aircraft) will free a large acreage of land for potential development.

Quotas threaten canning plant

Fishing

FIVE YEARS ago C. Shippam, the fish products group, acquired a two and a half acre site at Long Rock, near Penzance, to build a new canning factory alongside its recently completed freezing plant and cold store.

Today, not only is the site still unoccupied, but according to Mr Denis Cooke, the company's local manager, there is a serious risk of Shippam being forced to close down its existing business.

The immediate problem is the extension of an EEC month ban on all mackerel fishing in the seas around England's South West peninsula. This is necessary, say marine scientists, to protect the breeding grounds and allow a recovery in stocks.

But it has meant that Shippam has had to undertake the distinctly unprofitable activity of trucking 40 tonnes of mackerel a day from Scotland —to where the local mackerel shoals migrate—in refrigerated containers in order to satisfy its processing needs. Supplies of the company's other canning mainstay, Cornish pilchards (mature sardines) have also been hit by the absence of local trawler landings.

Mr Cooke is very doubtful of the value of the south west fisheries mackerel ban. "If anything, the Scottish mackerel are smaller than those caught locally. Yet, recently 2,000 tonnes in Ullapool want for fishmeal—because of insufficient demand."

Cornwall's small fishermen are not any happier. Mrs Daphne Lawry, secretary of the Cornish Fish Producers Organisation and Cornwall Inshore Fishermen's Federation says that the seas of the region contain an exceptional wide variety of species of tremendous quality.

But as a result of the Government's approach to the EEC Common Fisheries Policy which now largely dictates the fortunes of the region's fishing industry, almost all the commercial species in the south west, which traditionally account for one quarter of the UK total landings, are either under quota or scarce.

Hake is the latest, and the last freely available species to be put under quota, a reflection of its popularity in Spain and Portugal and fears that the entry of these two countries into the EEC will lead to an exhaustion of hake stocks.

The EEC entry transition arrangements provide for fishing boats from Spain and Portugal to be excluded from the North Sea and the seas around Ireland until 1995.

In the short and medium term this could put even more pressure on the fishing in south western waters. No one yet knows how entry will affect the operation of national quotas. Before entry, Spanish boats got round the regulation for a time by becoming UK registered. This practice was banned. But now such action might fall foul of the Treaty of Rome's free movement provisions.

Mr Christopher Beazley, Cornwall's Euro-MP, acknowledges that the situation is worrying, but argues that without the CFP, there would be a fishing free for all. The quotas arrangements protected the smaller fishermen in particular.

He stresses that the European Commission would be making funds available to encourage a sharp reduction in the size of the Spanish fleet.

Although the number of boats entering EEC waters would be limited by licence, Spain and Portugal's entry represented an increase in the total EEC fishing fleet of some 60 per cent, and increased resources needed to be devoted towards fisheries protection.

THE ARTS

London Galleries/William Packer

Figures of fantasy

Ken Kiff is an artist whose reputation has prospered in recent years not only by virtue of the quality of his work but also by the happy chance thet it has fallan at last into the swing of the time. This is not to suggest thet he has been inconsistent in what he does; he is as complete end recognisable in his pictorial idiosyncrasies today as he was 20 years ago. It is rather a matter of the times catching up with him and the Arts Council's review of his painting since 1965, which fills the Serpentine Gallery (until February 23), is thus opportune.

His paintings demonstrate that the much-vaunted new expressionist figuration is neither new nor any the better for being writ, as it so often is, so big. Kiff'e is no self-conscious smallness, though be can work very small indeed and he is a natural illustrator. But his proper working scale seems to be modestly human, falling within an easy arms' span at an arm's length at which distance each quirk and nuance of the surface may be picked up and the rich colour is at its most intense.

He is a figure painter not in the sense of direct objective study and response, with the reality of an actual presence to consider, but in the sense that the images he creates to inhabit his imaginary world — his grotesquerie of beasts and hobgoblins, threatening and benign — may be read as signs and indications of his meaning. That his meaning may be ambiguous or obscure is not the point, and for all the illustrative nature of his work Kiff is much more than an illustrator. With him, whatever the incident or character he depicts, always we begin and end with the work itself, to be considered and experienced for its own sake.

The immediate sensation is of the colour, rich and sweet yet piquant in its conjunctions, the acid green against the pink and orange, the blne against the saturated lemon yellow. By it we are drawn in to the surface of the canvas with its thick, often rather stiff and dry paint worked with a contrived and careful clumsiness, a kind of quirky, disingenuous deliberation.

The work indeed is instinct with charm, and that charm is emphatically a function, not of the subject-matter with all its anecdotal fund and oddity, but of the manner of its practical handling, that knowing, ewkward innocence in the way it is done. Kiff after all is e clever, sophisticated and careful painter, whose work is not quite as crude and simple as it might sometimes seem.

But the imagery is not to be discounted altogether as mere bait on the pictorial hook. If Kiff the painter declares himself in the spread of the paint across the canvas, it is the symbolist visionary and romantic we discover in the strange catalogue of beasts and monsters which invest his haunted imagination and dream world. They are lugubrious, grotesque and poignant by turns, the creatures of a desperate, hlack and pathetic humour, tonching and often funny. The earlier and middle work is the more lyrical and benign, the later both larger and more gruesome in its emphasis upon violent distortion and dismemberment.

But again it is his consistency we must note, for although the emphasis may shift the strain was estahlished long ago. A fish visits the man lying alone beside the pool; the patient-victim consults his fearsome psychiatrist; a disembodied head hovers in the void; dogs bark; a volcano erupts; heads, bodies, legs float free together. It might seem the arbitrary and eccentric invention of a temporary mood, but really it stands rooted in tradition, that ancient fund of myth and fairy-tale on which the human psyche has always fed. Primitive art, folk art, Arthur Boyd, Cecil Collins, Marc Chagall — Ken Kiff is in good company.

*

Christopher Couch, whose large paintings of the figure fill the Marlborough Gallery (until February 7), is at 40 hardly a young artist, but he was a late starter and slow, largely self-taught developer. Jenny Stein showed a group of his works at her much-missed House Gallery six years ago, and be has shown in the last two John Moores Exhibitions in Liverpool, but this is his first major public declaration.

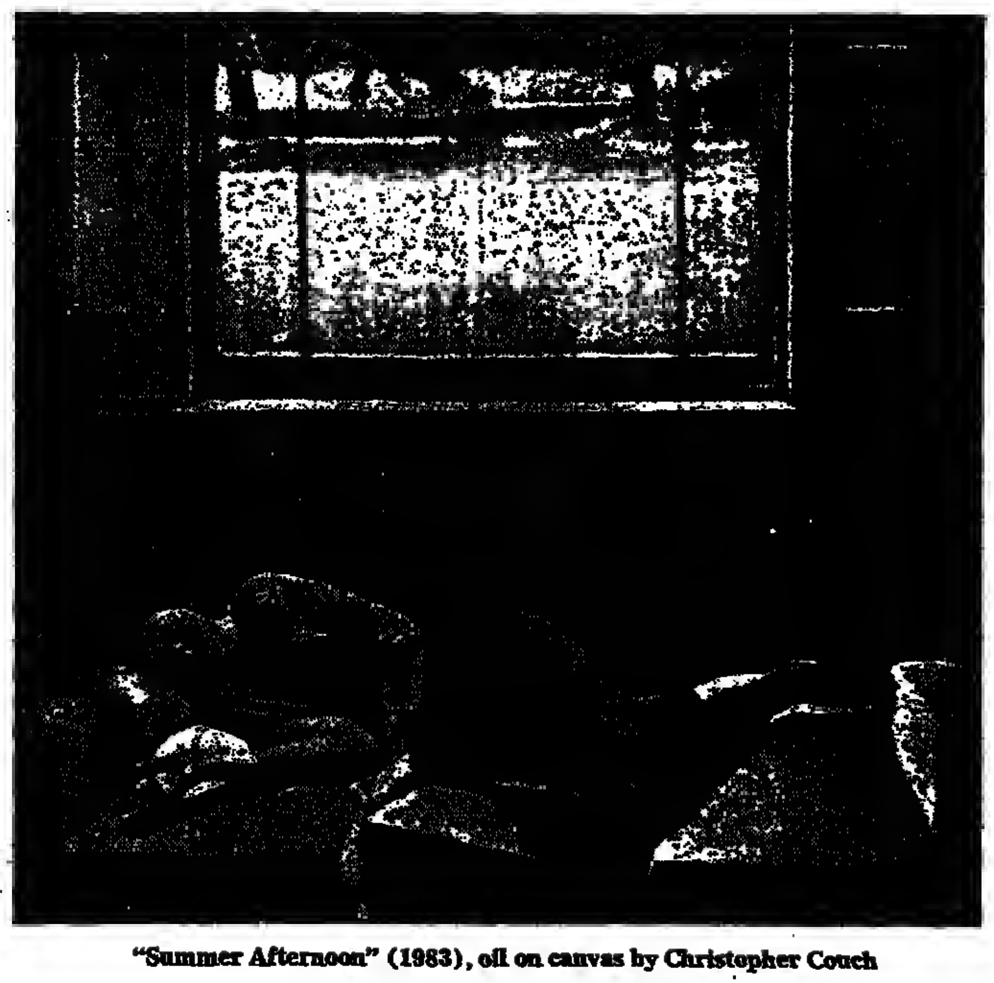
Here again is a palpable if more reticent idiosyncratic whose work is not quite what it might seem. The differences are manifest, of course, for Couch works directly from the figure, which he disposes within a conventional pictorial space, dramatically lit from a consistent source and described with formal thoroughness and persistence. The work contains a metaphysical intensity, an almost feverish realisation of a physical presence heightened by the simple and unaffected nature of the statement. The intention clearly is to confront the physical reality and achieve its image and imaginative equivalent as directly and truly as possible, which perverse impossibility gives all realism in painting its creative tension and excitement.

With Couch, however, it is rather the struggle than the achievement which gives his work its peculiar force, for here there is no knowing or contrived ewkwardness, but a natural wonkiness that is forever throwing the structure of the painting out of kilter, and the drawing awry. Here is no easy and natural felicity of touch or line, but instead a felicity that is admirable and moving for having been so hard come by and worked with such determination.

His women lie asleep on bed or sofa, or he stands himself facing us out of the canvas with a dour, straight gaze. The smaller studies, moving in close on head and shoulders, are especially strong. The mood is dark and heavy, and we get from all the work a surrealist *frisson* as potent in its way as that given off by the ambiguous figure compositions of Balthus; but that is the only similarity, for here is no sexual innuendo or ambivalence, only a direct and open interest in the human condition. It is e most ambitious undertaking honourahly engaged.

*

New work by Kevin Sinnott, another figure painter, fills the tiny Bernard Jacobson Gallery in Cork Street (until February 5). Here are all the facility and opulence of execution we would wish for, most especially in the small studies and *modelli* which make up most of the show with their rich, fat paint and confident statement. The large compositions are more questionable, not for any technical inadequacy but perhaps for the over-indulgent mannerism of much of the handling and characterisation of the figures and a sometimes overcrowded organisation. The more straightforward, in short, the better; and the painting of a women standing at the foot of a flight of steps, in flowing robes and with e child in her arms, with its peculiar flavour of Victorian classical fantasy, is the best thing in this lively collection.



"Summer Afternoon" (1983), oil on canvas by Christopher Couch

Alan Bush/Elizabeth Hall

Andrew Clements

Alan Bush celebrated his 85th birthday on December 22. It is easy, too easy perhaps, to pigeonhole him as the forgotten Grand Old Man of British music, the one composer senior to Tippett in the pantheon, and to regard his neglect here as a phenomenon whose causes are as political as they are musical. On Friday, however, temporary amends were made; a birthday concert, devised by John Amis and put on under the euspices of the London Sinfonietta, presented several of his most highly regarded works, as well as two written within the past couple of years, for despite his neglect Bush is still active, still composing.

Here was genuine proof thet Bush is a atroogly iodividual voice, and has heen for more than 50 years. The concert began with his *Dialectic* for string quartet, admirebly played by the Medici Quartet. It is still hard to believe that it was written in 1929, predating all of Tippett's published quartets, which surely contain its echoes. Bush at that point was undoubtedly a musical radical, taking the English tradition (his teacher was John Ireland) as e starting point, but moving in a direction thet suggests Schoenbergian methodology without ever either apeing the Viennese School or going as far as abandoning tonality altogether. It is hard to think of aoother British string quartet, including those of Britten and Tippett, which seems so assured of its idiom, and which is plotted with such unerring directness.

That radicalism could not be maintained however. Bush joined the Communist Party in 1938, and after 1945 began moving in the direction of what he calla a "national style," picking up where Vaughan Williams left off. The watershed in his development was his first opera *Wat Tyler* (completed in 1950); subsequent works are avowedly tonal (though as often modal as diatonic), clearer, more consciously melodic. Despite that sea-change, though, the personality remained strongly focused; the composer of the Piano Quintet (1984, receiving its first London performance here) is recognisably that of *Dialectic*, though the contours are now more rounded, the form more classical. The second movement of the Quintet, "Meditation," is a most powerful, sustained statement, as sure of its aim as ever.

Similarly the eentata for tenor and piano, *Voices of the Prophets* (1953), is equally direct and effective; it was written almost as "an artist's reply to unjust criticism," as an attempt to confound those who criticised Bush for embracing Marxist ideology. It sets texts by Milton, Blake, Blackmore and from the Book of Isaiah and is as pungently radical as any setting of a more explicitly socialist text could have been. The style here turns full circle: parts of the cantata recall Tippett'a cantata *Boyhood's End* of a decade earlier, and hearing Bush's music reveals how the two composers, friends for half e century, have influenced each other more than perhaps has ever been realised.

But why the disparity in their reputations, especially when the tradition to which Bush is so clearly now an heir, has such vocal champions nowadays? However much one would hope it were otherwise, the answer must lie in his politics. While we now have what we fondly regard as e more enlightened musical culture, Bush's misfortune was to come to maturity at e time when the esteblishment was fer less toleraot. Tippett's personal brand of socialism could be allowed to pass; Bush's dogmatic communism was enathema. In the years after 1945 he began to get performences in the eastern bloc—*Wat Tyler* received its first production in Leipzig. That alone must have put him beyond the pale as far as the cloistered world of British music was concerned, and by the time things changed, e new generation was pressing for acceptance.

Certainly the best of his work deserves regular performances; not everything is on the level of the *Prophets* cantata and *Dialectic*—a rhythmic squareness makes some of his writing bland in, for instance, the cantata *The Winter Journey* (1946) with which the birthday concert ended, hut the best is very fine. The composer himself took part in the celebration, playing both an early piano piece and a recent set of miniatures. His performances, like those of all the others in the concert, were eloquent and most worthy of the occasion.

Amoroso/Purcell Room

David Murray

Amoroso is an ensemble, mostly of London Philharmonic principals. At the core are the three instruments required for Mozart's Trio K 498, the "Kegelstatt" (piano, clarinet and viola), joined by colleagues as needed for their advanturous repertoire. On Sunday the central trio played not only the "Kegelstatt," but a new trio written for them by Aubrey Meyer (who also has LPO connections), Weber's Piano Quartet and Bohuslav Martinu's *Madrigals* for violin and viola. Like the Nash Ensemble, the Amoroso has taken stock of the excellent music composed for non-standard combinations, which gets heard only when groups like them make room for it.

Though Rusen Günes's viola wears a special authority in Amoroso, Robert Hill's forthright clarinet and Amanda Hurton's neatly faithful piano made their own marks in the Mozart trio. It was an attractively honest performance, without pretentions to extravagant refinement—plain but expert, friendly, apprecietive. The Minuet took very well to being treated as a real dance instead of an *objet d'art*. The Amoroso people are professional non-soloists, business-like musicians without airs: like a lot of other chamber music, the "Kegelstatt" Trio sounds solidly satisfying in such pragmatic treatment. (There is chamber music designed for preening soloists, but much less than preening soloists imagine).

Weber's Piano Quartet—new to me, I admit—is an early work, but it proved to have not only a characteristically cheerful, athletic Finale but an Adagio of considerable breadth and dignity. Here the violin and cello were Jacqueline Hartley and Mark Jackson. Duetting with Günes in the three Martinu *Madrigals*, Miss Hartley was clean and confident. The pieces are well worth hearing—the Bach infinence is frank and healthy, spiced by Martinu's taste for quirky four-part harmony. There is perhaps evidence too that Martinu hed met Bartók's violin duos, but the *Madrigals* should not be pressed into such a competition: their high flavour is sophisticated, not root-and-branch original like Bartók's.

The new Aubrey Meyer Trio offered less: an easy English first movement that might have been written any time this century, a "Sambino" (ie a little samba) that occasionally recalled the "Blues" of Ravel'e Violin Soneta without any of its point, and a cautiously jazzy finale (with South African folkeries) that sounded—and probably is — ineffectively opaque. It is only fair to say that this was the one performance that sounded under-prepared and provisional; but by chamber-music standards, Meyer's compositional technique is surely raw, with joints rudely exposed. I expect his successful ballet scores pass for slicker.

Songmakers' anniversary/Wigmore Hall

David Murray

In fact the Songmakers' Almanac will have completed ten years together (more or less) only in August next. They assembled, with prompting by Gerald Moore, for the 1976 South Bank Summer Music; their recitals soon outgrew the Purcell Room, and moved to the Wigmore; the rest is local history. What marked Friday's concert was not its actual date, but the participation of all the original quartet of singers—with of course their accompanist Graham Johnson: he devises the Almanac format, and remains the constant factor in the ensemble. In its current London season only two of those singer-founders appear in other Almanae recitals. The Almanac is no longer a group but an idea, sustained with continual variations by Mr Johnson.

On Friday the Wigmore was full, with an excess queue of hopefuls. The Almanac recitals have been a reliable pleasure, though their initial specialness — the group-recital format geared to Themes, and with linking narration (slightly arch) — has been prudently tamed. There is generally less chat these days, but in musical and dramatic terms their programmes are more subtly constructed than ever, and Johnsoo's gift for discovering forgotten but good, or at least apposite, songs is a public benefit. His ear for deserving new singers is no less important; an Almanae engagement must be a feather in any young performer's cap. We count npon the Almanae for taste, resourcefulness, committed voices and entertainment.

The format is none the less amhivalent. On the one hand, the formula is supposed to be "the song, not the singer"—but the performance of a song is after all a *performance*, and when three or four singers are taking turns in a programme individual successes are inevitably highlighted one often wishes that Mr X or Miss Y, who is plainly on best form this evening, could keep on singing instead of stepping forward intermittently. There is no natural democracy in audience-appeal (three of the "original" four singers are now internationally known, and it is frustrating to hear them rationed out in bits on an Almanac evening). On the other hand, Johnson's programmes are always focused upon something literary-historical—a school, or a poet who (often posthumously) was often set to music, or the biography of a single composer; and so the songs succeed one another as specimens in a display, sometimes to the detriment of expressive *Affekt*.

When the format works, as nearly always it does, it is as much because of Johnson's own steadily maturing powers as accompanist as because of his chosen singers. Even with facetious commentary as fill-up, the songs are palpably explored with devotion. In Friday'e menu (which made room for duets and quartets) we had an everyone-for-himself Mendelssohn group succeeded by consistently tender Schumann, and some resuscitated Brahms for ensemble; the Brahms *Liebesliederwalzer* followed naturally after the interval (enthusiastic waltzing by Geoffrey Parsons as *secondo* pianist, bright new ideas from Johnson as *primo*; generally cut-glass effect, at odds with my personal conviction that everybody involved in any *Liebesliederwalzer* should be blissfully drunk). Jolly party-pieces completed the programme. If I were the Songmakers' Almanac I should commit collective hara-kiri at once, re-forming only for charity occasions—why not rest with almost-a-decade's-worth of laurels? But the Johnson idea, whatever its personnel, remains e pretty conceit and stimulant: whoever does the singing, it is going to offer e lot of sung rewards.

British Council's 1986 backing for the arts

In 1986 the British Council will be involved in more than 300 British dance, drama and music tours in 70 countries. The National Theatre is among the touring companies receiving Council help: it will take the double bill of *The Critic* and *The Real Inspector Hound* to Paris in February, and the new Shaffer play, *Yonadab*, and *Animal Farm* to Vienna in April.

The London Festival Ballet is receiving Council help in e tour of the Soviet Union in May, and the Sadler's Wells Royal Ballet makes its American debut in Boston at the end of January before touring the US and Mexico, Venezuela and Brazil.

Giuseppe Sinopli will conduct the Philharmonia Orchestra at the Vienna Konzerthaus in an Elgar programme as part of the British festival there. Other concerts include Tippet's *Triple Concerto* and the Lloyd Webber *Requiem*. Opera North's production of *The Midsummer Marriage* will be performed et the Wiesbaden Festival in May.

The council will also be supporting the Academy of St Martins-in-the-Fields tour of Poland in May and the Royal Philharmonic's performances in Germany, Austrie and Switzerland in October. Jazz tours of Latin America by the Elton Dean Jazz Quintet and First House will also receive support.

In January the Council is organising a British Film Week in Czechoslovakia. Further film weeks will follow in Egypt, Colombia, the Philippines, Italy, Austria, Singapore, Peru, Hungary, Poland and Nigeria.

Beethoven series/Elizabeth Hall

Max Loppert

Peter Frankl (piano), György Pauk (violin), and Ralph Kirshbaum (cello) reached on Sunday the fourth episode of their current six-concert Beethoven series. The cycle has been planned to allow an exploration of all the main Beethoven works—piano trios and duet-sonats — that three such players can undertake. As Beethoven provided more violin sonatas than other things, these have tended to dominate the schedule; oo Sunday we heard two—the E flat, Op 12 No. 3, and the C minor, Op 30 No. 2.

These three are chamber musicians who guarantee so certain a degree of expertise that their many good qualities are now in unfair danger of being taken for granted, while ono waits npon the excitements that they can inspire as well. On this occasion, excitement was in somewhat short supply. In the earlier violin sonata, Mr Pauk'e normally pure, silvery tone was marred more often than usual by scrapes and misfires; but that mattered less than the sense of routine—of middle-of-the-road competence untouched by s breath of fresh air—that the reading gave off.

There was nothing one could point to as "wrong" (other than the passing violin imperfections already noted)—but, equally, nothing one was able to seize on as wonderfully, spontaneously right. The rondo finale can be sprung upon its listeners as a smiling sunburst of Beethovian good humour; here, it merely proceeded on its mild, median way. In the C minor sonata, later on in the concert, both players proved rather more communicative of the contained turbulence of spirit that is the work's most remarkable feature. Even here, however, one longed for a bit more "release" in the finale. No doubt the player of a modern concert grand piano regards caotion as e technical necessity, yet I wish Mr Frankl had been just e little readier to suggest headlong pianistic hravura.

Mr Kirshbaum's cello sonata, Op 5 no 1 in E—which Misha Donat's distinguished programme note rightly singled out as a "vehicle for pianistic display"—is elso a much more dramatic work than it was here ellowed to be. Luckily, the single piano trio of the concert, the "Kakadu" Variations, Op 121a, produced e rather more vivid and various response from all the players: even though the changes from portentous minor to impudent major could have been more charply registered, there were many delicious moments of ensemble interplay. But a Beethoven cycle that does not feel like e special celehration is always something of e special disappointment.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Opera and Ballet

Jan 10–16

NEW YORK

New York City Ballet (NY State Theater): The repertory of mixed programmes includes this week Donizetti Variations, Ballo della Regina and The Cage. Lincoln Center (870 5570).

Metropolitan Opera (Opera House): Romeo et Juliette joins the repertory with Catherine Malfitano and Neil Shicoff in the title roles, conducted by Sylvain Cambreling. The week also features Lohengrin conducted by James Levine with Eva Marton, along with the last seasonal performance of Jenufa conducted by Vaclav Neumann with Roberta Alexander, Mignon Dunn and Timothy Jenkins, and L'Italiana in Algeri conducted by James Levine with Marilyn Horne. Lincoln Center (362 6000).

WASHINGTON

Washington Opera (Terrace): Daughter of the Regiment conducted by Joseph Rescigno with Eric Mills, François Loup and Joyce Castle plays in repertory with Christopher Columbus, conducted by Randolph Mauldin with David Eisler, Elaine Bonazzi and Karen Hunt, in Roman Terleckyj's new production. Both are sung in English. Ends Feb 2. Kennedy Center (422 8700).

PARIS

Spectacle Group (Groupe de Recherche Choréographique de l'Opéra de Paris) presents, as its name suggests, contemporary tendencies expressed in the abstract choreography of Verret, Garnier and Pare at the Opéra Comique (4296 0611).

Black and Blue. A swinging black revue brings back the mood of the 1920s with melodies by Louis Armstrong, Duke Ellington, Fats Waller at the TMP-Châtelet (4233 0000).

Ballet Slask is followed by the Nightingale danced by the Compagnie Chopinot at the Théâtre des Champs-Elysées (4723 4777).

WEST GERMANY

Frankfurt, Opera: Louis Quilico repeats his much-praised performance in the title role in Falstaff. La Bohème has guest singers Alida Ferrarini and Alberto Cupido. Hoffmanns Erzählungen is a Herbert Wernicke production. Also offered, Eugen Onegin and Die verkaufte Braut. (25621).

Hamburg, Staatsoper: Carmen has Alicia Nafe in the title role. Il Barbiere di Siviglia, sung in Italian, features Rachel Joselson, Olive Fredricks and Richard Curtin. Lohengrin brings together Eva Randova, Rene Kollo and Kurt Moll. (351151).

Cologne Opera: Elektra features Helga Dernesch, Gwyneth Jones, and Harald Stamm. Ein Maskenball has Giacomo Aragall, Livia Budai and Stefka Evstatieva. (20761).

Stuttgart, Württembergisches Staatstheater: the new Fidelio production by the Russian Jurij Ljubimow includes Jeannine Altmeyer, Raili Viljaksinen and Tony Krämer. Also Don Giovanni and Idomeneo (20321).

München, Bayerische Staatsoper: This week's highlight is Tosca with Natalia Troitskaya and Giacomo Aragall alternating with Jose Carreras. Arabella brings together Marjana Lipovsek, Lucia Popp and Wolfgang Brendel. Hindemith's rarely played Cardillac is a Jean-Pierre Ponnelle production. It is conducted by Wolfgang Sawallisch. Madame Butterfly has Teresa Zylis-Gara excelling in the title role. (21851).

NETHERLANDS

Amsterdam, Stadsschouwburg. A new Netherlands Opera production of Turandot with Cristina Deutekom in the title role. Directed by Dieter Bülter-Marell, with the Netherlands Philharmonic and choirs conducted by Christian Baden, and dancers from the National Ballet (Wed). (242311).

Scheveningen, Circus Theatre. The Nederlands Theatre with the premiere of Sinaphai by Nacho Duato to music by Xenakis and Vangelis, and Hans van Manen's Ballet scenes and Jiri Kylian's Lieder eines fahrenden Gesellen (Mahler). (Thur). (558800).

Nijmegen, Schouwburg. National Ballet of Senegal (Tue). (221100).

Saleroom/Antony Thorncroft

Bread and butter buys

On February 3 a different type of auction will take place et Sotheby's. At the odd time of 5.30, in its Conduit Street saleroom, round the corner from the grand Bond Street premises, it will be offering goods to furnish a room.

It is taking consumers some time to realise that they can buy in the saleroom antique furniture, silver and ceramics at prices lower than the "modern" antiques being offered in stylish stores like Heal's and Harrods. To make things easier for such home furnishers Sotheby's is presenting room settings featuring furniture, silver, ceramics, rugs and works of art, valued individually at between £100 and £3,000, and then disposing of the constituant parts at auction.

The sales will take place on the first Monday of every month and for four days before the disposal potential buyers will be encouraged to visit Sotheby's and see the items in typical room settings. To make things easier the goods for sale will be checked to ensure that they are immediately usable.

The first auction includes almost 400 lots. Lot number one is e Patrick Hughes coloured lithograph, estimated et between £200-£300, while lot 376 is a George IV rosewood combined writing and work table of around 1830, which should make around £1,000.

There are no masterpieces on offer but many intriguing items, like a pair of Elkington hronze busts of Queen Victoria and Prince Albert by William Theed the Younger (£500-£700); e pair of Spanish gilt and polychrime bed frames of the early 19th century (£1,200-£1,800), and an electroplate novelty cocktail shaker from Asprey, of around 1930, for about £250.

These sales are obviously aimed et the young and affluent who probably live in a period house and want furnishings of the appropriete period.

The salerooms are epprecieting that the really costly lots, the £8m Mantegna pictures and the £950,000 Portland gold fonts, are rare, and will probably become rarer. They need the run-of-the-mill sales with hundreds of cheap lots, oot only to boost turnover but because, if they are efficiently handled, they can be profitahle. These days the bread and butter is as vital as the jam.

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Key task at World Bank

WHEN THEY meet this weekend in London to review the world economic outlook, finance ministers of the five leading industrial countries (G5) will have little to cheer about regarding the initiative, Mr James Baker, US Treasury Secretary, launched in Korea last October at the annual meetings of the World Bank and the International Monetary Fund.

The Baker initiative called on commercial banks and the multilateral development banks, particularly the World Bank, to co-operate in halting the decline of bank lending to Third World borrowers and in designing, with the countries themselves, policies aimed at improving the structure and performance of their economies.

The lack of leadership that has characterised the US-Seoul efforts to move the Baker initiative forward is due in no small part to the fact that no successor has yet been named to take control of the World Bank, which Mr Baker called upon to move to centre stage alongside the IMF in handling the new phase of the debt problem.

Indeed there is now a real danger that when Mr Tom Clausen, retiring president, reports on the progress of the Baker initiative at the spring meetings of the interim and development committees of the bank and the fund, his report will be disturbingly short. That would provide the World Bank's critics in Washington with the evidence they are waiting for to back up their arguments that the institution is part of the problem, and can never be part of the solution.

Stature

Two issues relating to nominating a successor to Mr Clausen are now causing such concern within the bank that some members of the board, which is made up of representatives of the countries which own the institution, are considering jointly approaching Mr Baker.

One is simply the time it is taking for the US, which by tradition nominates the World Bank president, to take that step. The other is the fear that the individual who is ultimately nominated will lack the stature to lead the World Bank in the difficult role Mr Baker set for it. The latter concern has arisen partly because of disappointment at the decision of Mr Paul Volcker, federal Reserve Board chairman, to turn down the job—he is widely seen as an ideal candidate — but also because some of the names being bandied around are arousing fears that Washington's political spoils system will play too big a role in the ultimate choice.

Moreover the job the new World Bank president will be asked to do is not merely technical. Personal relationships with top officials of the governments of the industrial countries and major debtors such as Mexico and Argentina, with senior commercial bankers, and of course with the head of the World Bank's sister institution the IMF, will be crucial in determining how effective the bank will be in its expanded role.

To command such access he will almost certainly need to have had political experience at cabinet level or its equivalent. Ideally he would have a thorough knowledge of international finance, and an understanding of the diversity of the problems facing developing countries.

Since nobody is very sure how best to restructure the economies of a diverse group of developing countries, he will need to be a pragmatist with a good nose for sensing indelicate negotiations what is and is not achievable. He will be taking control of an institution in which morale is low; he will need to be able to communicate, both internally and externally, a vision of where the path the World Bank takes is leading. That will become particularly important if and when the World Bank has to seek new capital from its owners, notably the US Congress.

With so important a job to be done, and with Mr Baker's own prestige tied up with the World Bank appointment, it is surprising that the decision on a replacement for Mr Clausen, who retires in June, is still in abeyance. It suggests either divisions within the Reagan Administration about who should be proposed for the job or that the appointment is not being given the high priority it deserves.

At their meeting on Saturday the other members of the G5 should make it clear to the US that the issue must be dealt with urgently. They should also point out to the US how damaging it would be to the bank and to the Baker initiative if the nominee President Reagan proposes does not command widespread support in the board of the World Bank which must utimately approve the appointment.

Objectives for Lloyd's inquiry

TODAY brings parliament's first opportunity to debate the Financial Services Bill. MPs will not miss the irony that the second reading of this bill follows closely on last Friday's announcement that the Government is launching a special inquiry into the operation of the most recent significant legislation in the area of financial market regulation, the Lloyd's Act of 1982.

Pressure has been growing for Lloyd's to be brought within the scope of the Financial Services Bill. The setting up of an inquiry will plainly be seen as a way of deflecting such arguments during the passage of the legislation. There are i nfact strong (but not insuperable) technical arguments why Lloyd'e should be left out of this bill, in that names at Lloyd's are not investors in a straightforward sense. And on a purely practical basis, it would be dangerous to complicate still further this financial eervices legislation, which is already in danger of running seriously behind schedule.

There are several reasons, good and bad, why the political spotlight has fallen again upon Lloyd's, producing calls for the legislators to take another look at the troubled insurance market. The bad reasons mostly centre on the continuing wave of scandals and damaging disclosures, but newsworthy though the affairs of such people as Mr Peter Cameron-Webb and Mr Peter Dixon may be, such problems largely predate the passage of the 1982 Act. Since then there has been a great improvement in the conduct of the market and the level of disclosure to its underwriting members. The situation may not yet be ideal, but it is scarcely had enough to justify a special probe so soon.

The valid reason for further considering the position of Lloyd's is, however, that there have developed serious doubts about its governane. Three years ago the Council of Lloyd's was sufficiently inhibited by the market's problems to accept the Bank of England's imposition of Mr Ian Hay Davison, a complete outsider, as chief executive and deputy chairman. But as the market's commercial performance became restored, and as Mr Peter Miller, the chairman, grew in experience and confidence, so tha question of Mr Davison's precise role developed into a serious issue—culminating in his resignation last year.

The result is an argument about the terms of reference and powers of Mr Davison's successor, with Mr Miller being forced to modify an earlier more extreme position, but still being determined to fulfil a dominant role as chairman. This was an area not satisfactorily dealt with in the 1982 Act, which simply said that the chairman of the Lloyd's council should be elected from working members. The Bank of England's statutory role is limited to the right to approve three nominated outside members of the council. It is improbable that parliament would have agreed to such a formula if it had been aware of facts that subsequently came to light.

Emphasis

In contrast, the pattern of regulation proposed under the Financial Services Bill is that the activities of institutions such as the Stock Exchange will be closely controlled by a supervisory body, provisionally called the Securities and Investments Board. This in turn will be directly responsible to the Trade and Industry Secretary.

It would be a clear anomaly if the Council of Lloyd's continued to be almost entirely free from outside interference —except on an extra-statutory basis, such as with the Davison appointment—whereas other bodies were subject to clear lines of external authority.

So if the new inquiry is not to look too much like a diversionary move by the Government it is important that the full terms of reference should make it clear that the emphasis should not be on whether the 1982 Act has proved satisfactory in practice but rather on the need to devise e manner in which Lloyd's can be brought within a comparable regulatory regime to that being more generally imposed

THE FAMILY BANK CRISIS

A jolt for Hong Kong

By David Dodwell in Hong Kong

THE Christmas holidays proved to be an unsettling period in Hong Kong last month. The festivities began with the rescue of the family-controlled Wing On Bank by the much larger locally-based Hang Seng Bank. And no sooner were the festivities over than the territory's authorities and a large body of local bankers were battling to keep alive the Low family's Ka Wah Bank. The powerful Peking-based China International Trust and Investment Corporation eventually came to its aid.

Such battles were fought too frequently in 1985—and there is no certainty that there will not be more of them this year.

Some would say they are part of an inevitable historical process, as small family banks fail to cope with fierce competition from the international giants. In part they are right, but the picture is more complex. Tha upheavals may also be a response to tha long-overdue introduction of stricter banking supervision.

No domestic bank in Hong Kong would claim 1985 was a good year—but it was simply terrible for the territory's dwindling group of family-controlled banking institutions.

As four of them tumbled, Hong Kong's reputation as a volatile, no-questions-asked market was no doubt reinforced in many people's minds. While the problems of domestic banks have had negligible impact on international operations for banks that use Hong Kong as the headquarters of their Asian operations, soma officials clearly feared tha upheavals would threaten its position as Asia's largest international banking centre.

"In the present environment, it seems increasingly difficult for a small bank without a Big Brother connection to see where it is going," said Mr Willie Purves, chairman-designate of the Hongkong and Shanghai Banking Corporation.

It has become clear that the disappearance of smaller banks is part of a wider and perhaps inevitable trend as Hong Kong's financial markets mature. While they remained small and of little international consequence, regulators were willing to turn a blind eye to less than scrupulous financial practices.

Bot with the emergence of the territory as a major banking centre, the pressure to fall into line with internationally-acceptable practices has become irrestistible

It is no accident that alongside a tightening of rules governing bank regulation, Hong Kong's stock market is also under close scrutiny, with new rules now being drafted that will force fuller disclosure of beneficial ownership of shares.

Robert Fell, Hong Kong's Banking Commissioner, argues that the upsets of the past seven months are "in a perverse way" a direct consequence of the tightening up process already underway. More meticulous bank examinations have helped identify problems that in the past might have gona unnoticed for some time longer.

The catalyst for the Christmas upheavals was the collapse in June of the Overseas Trust Bank. OTB, controlled until its collapse by the Malaysia-based Chang family, was rescued by the Hong Kong Government amid allegations of criminal misuse of funds. The Government also had to bail out its subsidiary, the Hongkong Industrial and Commercial Bank. The cost to taxpayers of the two rescues is likely to be HK$3bn (£263.5m).

Allegations of criminality aside, the OTB collapse highlighted the inadequacy of existing bank regulation, the practice among certain wealthy overseas families of doing business "on a handshake" withont formal documentation and a habit of blurring the line between family and public funds.

This was vividly illustrated in the affair of OTB, which has been troubled since the death of its founder, Mr Chang Ming Thien, in 1982. It was found after his death that many loans had been made to life-long friends and business colleagues, often without formal documentation. Exact details had been known only to Chang Ming Thien himself. Efforts by his heirs to recover loans became nightmarishly complex.

In a manner typical of Chinese family-run banks, the Mr Chang's children packed the board, and held top positions in a number of the bank's international offices. Some were competent, but some were not. Mr Patrick Chang, one of Chang's sons and a director of OTB, was arrested at Hong Kong's Kaitak airport the dey OTB collapsed carrying a suitcase stuffed with diamonds, cash and eecurities worth US $1.5m.

Many Chinese-owned banks grew up as adjuncts to family businesses. In some cases it has not been easy to draw a clean professional line between family and public interests.

Three players in the Hong Kong drama: (left to right) Robert Fell, Banking Commissioner; David Nendick, Secretary for Monetary Affairs; and Sir John Bremridge, Financial Secretary

A number of small banks came under pressure immeditely after the OTB collapse. Most vulnerable were family banks with strong business links in Malaysia, where OTB had also conducted considerable loan business, and where they sometimes had clients in common. A coincidence of corporate scandals and economic recession in Malaysia has put a number of leading business figures into financial difficulty.

The Union Bank, with large loans extended to Indonesia, and Far East Bank, which also has links with South East Asia, were unsettled. But the brunt was borne by Ka Wah, which had considerable difficulty renewing interbank credit lines. The extent of its reliance on interbank credit became apparent when the Hongkong Bank and the Bank of China joined hands to provide "substantial" but unquantified standby support last July.

OTB's collapse was the catalyst, but it was certainly not the only reason for vulnerability. The territory's banks have remained weak since the 1982 collapse of the local property and stock markets. This weakness has been aggravated by fierce competition in a market that is generally regarded as "overbanked," and in which loan demand remains sluggish. More than 140 local and foreign banks compete for the business of only 6m people, and it has become apparent that some small banks do not have the "critical mass" to compete effectively with the banking giants.

Mr David Nendick, recently seconded from the Bank of England to become Hong Kong's Secretary for Monetary Affairs, noted: "We have been living in a world where demand for bank finance has been low, competition for first-class service had been extremely high, and whare the margins at which a good borrower can get funds can't be giving a very significant return to the banks."

The economic upheavals in Malaysia and Singapore, where many of the wealthy in Hong Kong have close family lings, left them with a growing number of bad and doubtful debts. These swelled alarmingly in the wake of the Pan-Electric collapse in Singapore in December.

The imminent introduction of new banking laws intended to improve supervision over the territory's financial institutions is another significant factor.

First drafts of the new law were going into print just as OTB collapsed, which prompted officials in the Banking Commission to pore more closely than ever over the books of any bank that appeared frail. By then, the Government was the embarrassed owner of three banks, and the order went out that no effort should be spared to prevent it acquiring any more. No-one can be happy that two more banks have since collapsed, but there will be grim relief that it is not the Government which is bailing them out.

The reasons for, and scale of, the problems of Wing On and Ka Wah have yet to be fully explained. At Wing On, Mr Philip Kwok openly admits that management was not as professional as it ought to be. During last summer, bad loans were discovered which forced provisions, strained Wing On's liquidity, and prompted discreet inqnfries about a suitable Big Brother.

Only at this stage did the auditors reveal that contingent liabilities effectively cancelled all assets. Suddenly, talk was not of a sale, but of a rescue in which Hang Seng has acquired 51 per cent. In exchange for a branch network and other bank assets on the cheap, Hang Seng has assumed responsibility for problems that can still only be guessed.

Citic can be in no doubt that it is buying a number of problems. Ka Wah's dependence on interbank funding alarmed Hong Kong's Banking Commission several months ago. Regulators had been concerned about what appeared to be uncontrolled lending to Malaysia even before the collapse of Pan-Electric in Singapore. At least some of the loans now appear to be linked with the troubled Malaysian financier Tan Koon Swan. Provisions which have to be made against doubtful Malaysian loans leave the bank with a net worth of zero.

At least two other family banks are searching for Big Brothers. One, the Far East Bank controlled by tha Chiu family, has been in discussion with eeveral parties in recent months.

The openings for a dignified exit have dwindled—and matters are not helped by the overhang created by the Government's keenness to rid itself at the earliest posssible moment of the banks it has been forced to acquire.

Of solace to the Government is the conviction that, at the end of this painful shaking-out process, Hong Kong will be a stronger and more mature banking centre.

Stricter supervision — involving collaboratiton with auditors, and end to bank secrecy over beneficial control, better checks against heavy dependence on single borrowers, and clear capital adequacy requirements —will give regulators the set of trip-wires they need to take early pre-emptive action

Many will say these ought to have been in place several years ago, and with the virtue of hindsight they are right. But Government officials insist that the worst is now past. Out of the 13 or so locally-incorporated family banks operating in Hong Kong, only six now exist without the shelter of a Big Brother. Of the four not seeking shelter, the Bank of East Asia is large, professionally managed, and highly liquid. The others—Hong Nin, Tai Sang, and Tai Yau—are either too small or too liquid to be a material worry.

While it is almost certain that some banks will change hands in the months ahead, officials seem confident that risks of a further jolt to confidence are small.

BANKS WITH A BIG BROTHER...

Bank	"Big Brother"	Family (% control)	Branches	Total assets (HK$bn)*
Commercial Bank of Hong Kong	Bangkok Bank Tokai Bank (both 10%)	—	11	3.22
Doa Heng Bank	Hong Leong	Kwek	22	3.39
Far East Bank	Sino-Master International (25%)	Chui (70)	34	1.96
Ka Wah Bank†	Proposal for Citic to buy majority stake	Low (40% until rescue)	27	5.5
Kwong On Bank	Fuji Bank (55%)	Leung‡	25	4.26
Liu Chong Hing Bank	Mitsubishi (25%)	Liu (66) Litman	27	4.35
Wing Hang Bank	Irving Trust (51%)	—	15	3.0
Wing Lung Bank†	Standard Chartered (13%)	Wu (35‡)	22	6.8
Wing On Bank†	Reconstruction agreed, giving 51% control to Hang Seng	Kwok (40+)	24	2.5

...AND THE SIX STILL WITHOUT

Bank	"Big Brother"	Family (% control)	Branches	Total assets (HK$bn)*
Bank of East Asia†	—	Li (50+)	48	12.48
Dah Sing Bank	—	Wong (55)	11	1.79
Hong Nin Bank	—	Lee‡	4	0.89
Tai Sang Bank	—	Ma (50+)	4	0.30
Tai Yau Bank	—	Ko (35)	1	0.24
Union Bank†	—	Oen (60)	12	3.06

* Figures for latest financial year available. † Publicly listed. ‡ Full holdings are in some circumstances impossible to assess.

Sources: Company accounts and public records

Westland puts Italy in a whirl

Britain is not the only country which has been divided by the Westland affair. Neither the Italian Government nor its press speak with one voice on the issue.

This is hardly surprising given that there are two rival Italian companies bidding to rescue Westland—Fiat and Agusta. But while the Turin-based vehicle and engineering group is in the private sector, Agusta belongs 97 per cent to the state, through the holding company Efim. So ona might have expected it to receive wholehearted Government support.

Yet for several weeks, Government ministers were reluctant to pronounce on the matter at all. Despite encouragement from Michael Heseltine, Agusta had some difficulty obtaining official Italian support for its participation in the European consortium, since it has financial problems of its own. In 1984, its debts exceeded its sales by 25 per cent.

Last week, however, Bettino Craxi, the Socialist Prime Minister, let it be known that he backed the European consortium. He was supported by Clelio Darida, Minister for State sector industry.

But Renato Altissimo, the Liberal Minister of Industry (responsible for the private sector) indicated a preference for Fiat and questioned the wisdom of tha Government taking sides at this late stage.

A little later, Franco Nicolazzi, minister of public works and head of the small Social Democrat party, came out in favour of Fiat—despite the fact that the chairman of Efim, Agusta's parent, is a Social Democrat nominee.

Italian commentators attribute some of these divergences to internal political factors, not least the recent coolness between Craxi and Gianni Agnelli, chairman of Fiat.

But the Italian press, which usually favours anything that would strengthen European unity, is not giving much support to the European consortium. Most commentators have come out in favour of Sikorsky and Fiat, tartly reminding the Prime Minister that Fiat is, after all, a European company.

"Speaking as a member of the Metal Exchange, a European helicopter made entirely of tin would get my vote"

Men and Matters

Of age

A balance of youth and experience is sought on the boards of most public companies but few achieve it in quite the style of the reconstructed James Ferguson Holdings.

Chief executive is Gary Cramer who, at 24, must surely be the youngest holder of such a post in the country. Sitting beside him at yesterday's press conference was Cramer's business partner and the new chairman, David Mitchell, aged 60, and next to him was Major-General Stanley Eskell, aged 67.

After a long discourse from Mitchell on his early career in Rhodesia and Algeria—all of which took place before Cramer was born—the young chief executive admitted that, yes, he had lied in the past about his age. Two years ago, he had been introduced to Mitchell as a man who knew about the Yorkshire property scene. "I have to admit I did tell him I was 32 not 22," Cramer recalled.

Cramer, Bradford-born, began his career selling china in Leeds market, bought his first property—an old mill near Bradford—at the age of 17, and moved on to deals in Spain and the US.

His earnest defence yesterday of the board's mixture of age and youth did provoke a gentle put-down from ona of the elders. "For goodness sake, stop apologising for your youth," commanded the 67-year-old soldier.

Foster's call

Few outsiders know their way around Whitehall and Westminster as well as Prof Christopher Foster, the economist, who is to be British Telecom's new commercial policy adviser. It could prove a useful asset as he gets involved in such sensitive issues as BT's tariffs and regulation.

Foster, now aged 55, joined the ill-fated Department of Economic Affairs, created by the Labour Government in 1964, for a short spell before moving to the Ministry of Transport where he was director of economics and planning from 1966-69 and policy adviser to Barbara Castle.

After a year at Massachusetts Institute of Technology, he returned to an academic career et tha London School of Economics where he is now a visiting professor. But he had e second spell in Whitehall from 1974-77 as part-time adviser to the late Tony Crosland at the Department of Environment.

Foster joined Cooper and Lybrand'e management consultancy arm in 1978 and since 1984 has been head of business development, public eector practice leader, and economic adviser to the firm, where he has built up one of the biggest teams of economists in the private sector.

Tha BT appointment, he said yesterday, would provide him with "a concentrated but challenging portfolio." He is no stranger to BT's affairs, having carried out several studies for Coopers on its privatisation.

Long distance

The flamboyant reputation of Mahmud Sipra, the former shipowner who left Britain last year after his £70m debts contributed to the collapse of Johnson Matthey Bankers, can only be enhanced by this press release issued yesterday by his UK agents:

"Mahmud Sipra, known as the single largest debtor in the Johnson Matthey Bank collapse, ex-shipping magnate, entrepreneur, film-maker, and now euthor, is unable to return to this country to promote his book 'Pawn to King Three' published next week.

"Heralded as 'the new Jeffrey Archer,' Mr Sipra will instead be giving telephone and studio interviews from New York, and our representative is with him to co-ordinate all arrangements."

A chip off . . .

Plessey's defence against GEC's proposed takeover was published yesterday strongly emphasising its capability in high technology. Alongside the text were a number of colour pictures of printed circuit boards. Unfortunately for Plessey quite e few of the microchips were clearly marked MEDL, better known as Marconi Electronic Devices, the GEC semiconductor subsidiary.

Observer

BASE LENDING RATES

ABN Bank	12½%	■ Guinness Mahon	12½%
Allied Dunbar & Co.	12½%	■ Hambros Bank	12½%
Allied Irish Bank	12½%	Heritable & Gen. Trust	12½%
American Express Bk.	12½%	■ Hill Samuel	§12½%
Amro Bank	12½%	C. Hoare & Co.	12½%
Henry Ansbacher	12½%	Hongkong & Shanghai	12½%
Associates Cap. Corp.	12 %	Johnson Matthey Bkrs.	12½%
Banco de Bilbao	12½%	Knowsley & Co. Ltd.	13 %
Bank Hapoalim	12½%	Lloyds Bank	12½%
Bank Leumi (UK)	12½%	Edward Manson & Co.	13½%
BCCI	12½%	Meghraj & Sons Ltd.	12½%
Bank of Ireland	12½%	Midland Bank	12½%
Bank of Cyprus	12½%	■ Morgan Grenfell	12½%
Bank of India	12½%	Mount Credit Corp. Ltd.	12½%
Bank of Scotland	12½%	National Bk. of Kuwait	12½%
Banque Belge Ltd.	12½%	National Girobank	12½%
Barclays Bank	12½%	National Westminster	12½%
Beneficial Trust Ltd.	12½%	Northern Bank Ltd.	12½%
Brit. Bank of Mid. East	12½%	Norwich Gen. Trust	12½%
■ Brown Shipley	12½%	People's Trust	13½%
CL Bank Nederland	12½%	PK Finans. Intl. (UK)	13 %
Canada Permanent	12½%	Provincial Trust Ltd.	13½%
Cayzer Ltd.	12½%	R. Raphael & Sons	12½%
Cedar Holdings	12 %	Roxburghe Guarantee	13 %
■ Charterhouse Japhet	12½%	Royal Bank of Scotland	12½%
Citibank NA	12½%	Royal Trust Co.Canada	12½%
Citibank Savings	¶12½%	Standard Chartered	12½%
City Merchant Bank	12½%	TCB	12½%
Clydesdale Bank	12½%	Trustee Savings Bank	12½%
C. E. Coates & Co. Ltd.	13 %	United Bank of Kuwait	12½%
Comm. Bk. N. East	12½%	United Mizrahi Bank	12½%
Consolidated Credits	12½%	Westpac Banking Corp.	12½%
Continental Trust Ltd.	12½%	Whiteaway Laidlaw	13 %
Co-operative Bank	*12½%	Yorkshire Bank	12½%
The Cyprus Popular Bk.	12½%		
Duncan Lawrie	12½%		
E. T. Trust	13 %		
Exeter Trust Ltd.	13 %		
Financial & Gen. Sec.	12½%		
First Nat. Fin. Corp.	12½%		
First Nat. Sec. Ltd.	12½%		
■ Robert Fleming & Co.	12½%		
Robert Fraser & Ptrs.	13½%		
Grindlays Bank	‡12½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 8.70%. 1-month 9.03%. Top Tier—£2,500+ at 3 months notice 12.08%. At call when £10,000+ remains deposited.
‡ Call deposits £1,000 and over 9% gross.
¶ Mortgage base rate.
§ Demand dep. 8¾%. Mortgage 13%.

Letters to the Editor

What is the correct level for sterling?

From Mr S. Jacobs

Sir,—What is the correct level for sterling?

This question has raised its ugly head once again after the recent rise in interest rates.

At the beginning of 1985, the Government raised interest rates to defend e plummeting sterling, then hovering around $1.20 to the pound. When sterling fell further to the alarming level of near parity to the dollar, it raised base rates again to 14 per cent.

Since then, sterling has appreciated by about 45 per cent against the dollar. Its recent, but very modest, fall to around $1.42, has prompted the Government to intervene again, raising rates to only 1 per cent below tha level they were when sterling traded at $1.05. Furthermore, when the pound stood near parity to the dollar, it was widely believed that it was nndervalued against the dollar and overvalued against the Deutschmark. Since then, it has moved in a favourable direction against both currencies. And yet the Government is intervening again.

How does the Government choose the "correct" rate for sterling?

Why does this rate appear to change so radically every few months?

How can the Government believe that one or two percentage point changes in interest rates can influence the level of sterling when it appears that by far the most sweeping pressures (at different times) are either the price of oil or else the strength (or weakness) of tha dollar.

Using small base rate changes to defend the level of sterling battered by a falling oil prica is like using a bow and arrow to fight heavy artillery.

Simon Jacobs.
47, Warrington Crescent, W9.

From the Managing Director, Villiers.

Sir,—So once again, interest rates have been increased to protect the pound, this time at a level rather higher than it was a year ago. What an extraordinary form of protectionism it is that selects the pound. How realistic is an exchange rate based on interest rates so much higher than those in the rest of the world? UK 12½ per cent, France 9 per cent, US 8 per cent, Japan 7 per cent, Germany 5 per cent — how marvellous it would be for UK manufacturers to have the same borrowing costs as our competitors; then we couldn't complain that the exchange rate was artificial.

M. O. Scutt.
Marston Road, Wolverhampton.

Sikorsky and Westland

From Malise Graham

Sir,—Tha estimated decline in United Technologies earnings since 1981 and the questions it raises as to how well it can fund and support Sikorsky's future development together with the earnings outlook for UTX, the Sikorsky division and Westland are essential information for any informed shareholder decision. The future valne of Westland shares will largely reflect these factors.

Additional influences are the possible need to reconstruct the board and management and any cost arising therefrom and the fact that should the capitalised value of the estimated future earnings of Westland exceed the reconstructed liabilities the question of receivership need not arise.

The omission of these considerations from the offering document may be a matter to which the Solicitor-General may wish to turn his attention lest a breach of fiduciary duty arise.

Malise L. Graham.
40 Morris Road, Lewes, Sussex.

From Mr S. Stewart

Sir,—It is curious that in common with the media generally you make no mention of the risks we run in being dependent on supplies from the Continent in time of war. This is particularly important in the case of helicopters because the German factories are close to what would be the front line in the case of an attack from the Communist bloc. How could our security be enhanced by having our helicopters made outside this country instead of at Yeovil?

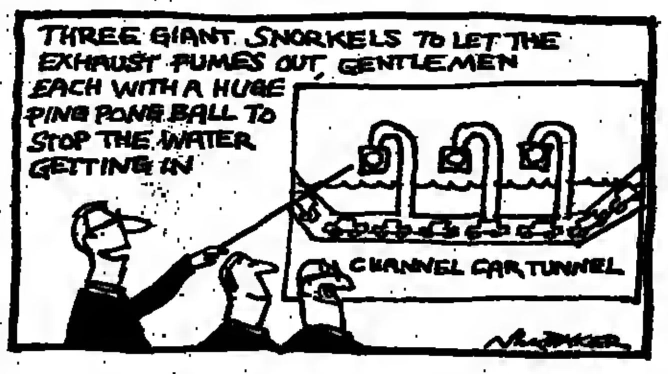
The Westland advertisements reveal facts which the media have concealed from the public. Why? The answer is surely that once again the EEC lohby is at work promoting the interests of other EEC countries at our expense.

Westland'e position has been largely built up with the help of Sikorsky over a long period. That has not prevented it from collaborating with Continental producers. The latter hoped that Westland would go to the wall and if Sikorsky fails we can he certain that they will use their shareholding to the detriment of the British company.

The consortium offer would put an end to belicopter production at Yeovil sooner or later. Why in that case not buy our helicopters from the US on economic as well as defence grounds? The EEC has an enormous trade surplus with the US, in part because it discriminetes against US agricultural products and in other fields. Where are the Americans going to compete if they are not allowed to do so in the areas where they have a comparative advantage?

It is quite clear that Mr Heseltine had the arrangements all sewn up when he put the matter to his colleagues for anthority to explore a solution. I hate to say it, but for once Mrs Thatcher was quite right. It is still the case that in industrial terms the Sikorsky bid is much better for Westland, and better for the defence of the UK.

Shaun Stewart.
The Old House, Willards Hill, Etchingham, Sussex.



Problems of tunnel ventilation

From Jennifer Hall

Sir,—Your leader of January 8 assumes that "technical problems of tunnel ventilation are surmountable." Using a Geneva car park last summer convinced me that an Expressway under the Channel of some 30 miles will create exhaust-fume problems which could be lethal in the event of any hold-up of traffic. My exit from the car park was barred for some ten minutes. The poisonous accumulation of fumes waa frightening, indeed terrifying.

Jennifer Hall.
56 Fortune Green Road, NW6.

At best an each way bet?

From Mr P. Kraushar.

Sir,—Following the interesting article by Christopher Lorenz (January 6) may I put over some different views derived from working on over 100 acquisition projects in the past few years?

The problem with so many academic studies is that they do not differentiate adequately between different types of merger and acquisition; there is little in common between the proposed Imperial / United Biscuits type of merger and United Biscuits' purchase of Terry, for example.

Nothing I have seen anywhere changes the view that a related acquisition is less risky than ona which is not. That may be a difficult point for steel, tobacco or sugar companies, but so what? Many others have an option of diversifying into areas which are close to home as United Biscuits indeed did when buying Terry.

If a company indeed must or wishes to diversify far from its core business, then the success of Hanson and a few others is worth studying. These are exceptions, however, rather than the rule.

While acquisitions are difficult, like all development ectivities, they ere surely not always unpredictable. It was obvious to most observers that Hanson would succeed with Ever Ready, or Dixons with Curry and there is no hindsight in this. The really good acquisitions properly researched and organised will succeed most of the time. Some companies have very high success records. Some have lousy ones and probably always will.

Peter M. Kraushar,
KAE Development,
7 Arundel House, WC2.

Union membership figures

From the General Secretary, Transport Salaried Staffs' Association

Sir,—Philip Bassett (January 6) quotes my union as having recorded with the TUC a membership total of 49,254 at December 1984 while giving the certification officer a figure of 52,116. The difference between these two sets of figures was not, as implied by Philip Bassett, to "save money" and the reason is much more simple with no devious undertones.

The figure of 52,116 was the total recorded membership at the 1984 year-end, but for TUC affiliation purposes we correctly deduct our Irish membership, which has its affinity with the Irish Congress of Trade Unions and to which organisation we also pay affiliation fees.

It is disappointing also that your writer should not have recorded the number of TSSA members who voted in favour of retaining our political fund. The actual figure was 22,975 in favour or 69.34 per cent of those voting in a 67.2 per cent return of ballot papers.

This union took every step to ensure that all members were supplied with ballot papers and a strict method of control was instigated at each stage to ensure no irregularities. I would have wished for an even higher return of the ballot, but I feel that most fair-minded people will compare the poll with the average 72.7 per cent recorded at the last General Election and the recent 38.1 per cent at the Tyne Bridge by-election, which had the advantage of total national and local media coverage.

My union edvised each member et the time of the ballot of the right to contract out of paying the political levy. Since the ballot result was announced, a special leaflet, as well as a notice in our TSS Journal, reaffirming that right has been sent to each individual.

If only Philip Bassett had checked out the facts, he would also have discovered that for many years tha TSSA has maintained a centralised membership list on our own computer. I could also have told him of the reluctance, and in some cases the refusal, of a large number of members to advise us of their postal addresses. While therefore the 1984 Trade Union Act requires unions to compile and maintain a central list of tho members' "proper addresses," the law provides no remedy when the member in a free society refuses to co-operate.

C. A. Lyons.
Walkden House,
Melton Street, NW1.

Farming and the environment

From Mr R. Moreland.

Sir,—In his article "Agriculture and the Environment" (January 7) Mr John Cherrington claims that the British publie "are right behind the environmental lobby" complaining ebout intensive agriculture, the use of chemicals and "oversized cropa."

I do not know from where Mr Cherrington gets his evidence for this statement. I suggest that the British publie is more concerned about damage to the environment caused by industry, roads, bad planning, aircraft noise, etc, and would be sorry to see any reduction in farming and agricultural land left to waste.

Of course there are farmers whose abuse the environment but the danger to our rural environment is less rather than more agriculture.

If those who continually tell us that we must reduce agricultural surpluses drastically thought twice they would realise that the penalty we would have to pay is to see large amounts of land go to rack and ruin and e substantial number of farm buildings be left to decay.

I represented much of Staffordshire for five years in the European Parliament. I would find it difficult to believe that cutbacks in agriculture would be beneficial to the environment of that county especially in the areas of more marginally economic agriculture such as the moorlands.

The farming and the environment "lobbies" are not as incompatable as is suggested by Mr Cherrington.

Robert J. Moreland.
7 Vauxhall Walk SE11

Hamstrung by the polls

From Enid Lakeman

Sir,—Your article (December 28) makes a strong case for electoral reform but spoils it by e factual error: "Any approach to proportional representation tends to fragment existing political parties." That is true only of party list forms of PR, which do tend to encourage any tendency to fragmentation that may exist. The single transferable vote, which is what "PR" has always meant in this country, has the opposite tendency.

This is seen clearly in its oldest user, Tasmania, which for the nearly 80 years of STV has had only two parties represented. The Country Party, found in all the other states, is unnecessary, since anyone wanting the farming interests represented has no need of a separate party but just give preference to Liberal or Labour candidates who are farmers. Thatcherites and wets, Militants and moderates, Liberals and Social Democrats, could all get fair representation without having necessarily to organise as separate parties. Greens could of course form a party if they wished, but would probably serve their cause more effectively by giving preference to the greenest candidate within the established parties.

Enid Lakeman
(Editorial Consultant),
Electoral Reform Society,
6 Chancel Street, SE1.

Methods of allocating shares

From Mr H. Lever

Sir,—As a genuine investor in tha Stock Market I think it is ebout time that issuing houses should not have the right to invite applications by tender, but only at e fixed price and not have the right to reject applications in whole.

Surely there is only one fair method in allocating shares, and that is in direct proportion to the number of times oversubscribed. Of course they should have the right to reject multiple applications.

H. L. Lever,
59, Eyre Court,
St John's Wood, NW8.

Celebrating 50 years of television

From Mr P. Hawker

Sir,—Even et the risk of once again being called names by tha pro-Baird Donald Flamm, I feel that John Chittock ("Matter of honour over Baird as TV celebrates 50 years" January 7) may appear to some to endorse Baird's 1926 claim to be "the Inventor of TV."

Prof J. D. McGee, one of the scientists and engineers who formed Shoenberg's team et EMI in the early 1930s, and in his 1982 Rutherford memorial lecture, drew attention to the work of Ayrton and Perry who not only proposed a mechanical system of TV but succeeded in demonstrating it crudely at the Royal Society of Arts in London in 1881.

More relevant perhaps is the evidence that in his earliest experiments, Baird followed in the footsteps of C. F. Jenkins who had demonstrated a low-definition mechanical system by 1923. Jenkins televised "moving pictures" from film, and his work has tended to be dismissed in the UK as showing only a "shadowgraph."

What can rightly he claimed for Baird is that he was almost certainly the first person to attempt to televise e living person — though again there is clear evidence that in his early work his two spinning discs for transmission and reception were mounted on the same rotor shaft, elimineting the need for synchronisation, and some would claim that this does not constitute true "seeing at a distance."

This is not to denigrate Baird's important role as a determined, if at times unscrupulous, catalyst whose persistence stirred politicians, edministrators and engineers into taking "TV" seriously.

John Chittock may like to note that the first regular TV (low-definition) service is ascribed to station WGY, Schenectady, May 1928. The US and Germany were running parallel to the UK in TV developments throughout 1925-1935. It was the report of the Selsdon committee in 1935 that geve the UK its temporary lead in practical TV broadcasting by recommending the start of the London high-definition aervice.

A. A. Campbell-Swinton was not the first to propose the use of a cathode-ray tube for displaying pictures — that credit belongs to the Russian Boris Rosing. Campbell-Swinton, however, was the first to propose, but not to demonstrate, a fully electronic system including the principles of the electronic pick-up (camera) tube later developed by Zworykin in the US and McGee at EMI.

Baird certainly deserves credit for his pioneering of the video disc and for his early work on colour, but it is extremely doubtful that the term "inventor of TV" should be applied to any single individual.

Pat Hawker.
37, Dovercourt Road, SE22.

Regulating the City of London

Beware of the smokescreen

By Martin Jacomb

AS PARLIAMENT begins work on the Financial Services Bill, the City of London is apparently under a cloud. Mr Bryan Gould, Opposition Spokesman for Trade, claims there is widespread scandal. Many of us who work in the City wisb that politicians would examine the facts rather than generate clouds of smoke and then assume that this is caused by widespread and serious fire.

The smoke bas been easy to generate because of the combination of at least three genuinely worrying events: the scandals at Lloyd's; the Johnson Matthey affair; and the tin crisis at the London Metal Exchange. Each of these is quite separate, and un its own would be unlikely to affect how the entire City is viewed from Westminster. Taken together, however, and coupled also with generous publicity about high salaries in the securities business, it is easy to understand why the House of Commons and indeed the country at large is worried. This is underlined by some opportunistic takeover bids which have more to do with financial manipulation than with industrial need.

The Financial Services Bill is directed towards the protection of investors. Neither JMB nor the tin crisis primarily affects investors, but Lloyd's is closer; and it is a particular problem for the City because although the frauds were blatant and enormous, the City as a whole did not cry out sufficiently in public outrage. The City has thus become associated in the minds of non-City people with passive acceptance of such behaviour.

The absence of prosecutions exacerbates this impression, although the main reason for this is a Parliamentary, not a City, failure. For it lies in the inadmissibility of evidence obtained from abroad in criminal proceedings, an obvious lacuna which Parliament should have closed years ago as commercial crime became international.

The everage outside underwriting "name" at Lloyd'a regards his membership as an investment affair, e means of enhancing a return on his capital. And the illicitly diverted funds would have been part of that return. Thus Lloyd's might seem to be a proper subject for investment protection. Nevertheless, the call for its inclusion in the system of investor protection proposed in the Bill is the wrong reaction.

The task of setting up a regulatory system which will help protect investors as a whole is difficult enough without adding Lloyd's to it. To do so would involve a diversion from the main objective. Furthermore, the scandals all occurred before the reforms under the Lloyd's Act took effect at the beginning of 1983. There is a valid case for letting the present regime have e chance to work. The independent inquiry recently announced by the Government will — although politicaly inspired—confirm this or otherwise.

The chairman of Lloyd's has argued this case cogently. However, e series of apparently hesistant responses to recent criticism has left the impression of concessions made under pressure. Perhaps (if the legislation allowed this which it does not) a completely independent chairman could more easily demonstrate that under the new regulatory system at Lloyd's, the members who work there will have to put the interests of outside "names" above their own.

In choosing the form of regulation which is needed to protect the interests of investors as e whole, there is a great deal at stake. The securities business in the City employs a large number of people nad earns an enormous amount of foreign exchange, and pays a great deal of tax. But modern information technology has made the City vulnerable to competition from overseas financial centres. A heavy-handed system of regulation imposed as a politically convenient answer to generalised accusations of frauld could easily drive business away from London irrevocably. The only sure way to avoid that happening is for London to remain economical and efficient as well as honest.

That is the essence of the case for practitioner-based regulation. It secures the commitment of practitioners to see that the system of regulation is tough enough to ensure that investors get a fair deal, and yet flexible and free enough from bureaucracy so that business can stay in London.

The Stock Exchange is a prime example of this form of regulation. The Council has a reputation for strict adheranee to high standards. It would be hard, if not impossible, to find anyone dealing in the normal course who has lost money through the failure of e Stock Exchange firm since the compensation fund took its present form in 1973.

It is clear that the overwhelming majority of investment dealings which take plece every day in the City, including $7bn daily on the Eurocurrency bond market, do so without hint of malpractice or taint.

There are, bowever, fields where regulation is needed; and this is what the Bill is all about. The sale to the public of unlisted securities, the so-called "over-the-counter" markets, public access to the commodity markets for speculative investment, investment management businesses where the manager controls the elients' funds; these are examples where regulation is needed.

A practitioner-based scheme may have its weaknesses; but it will have fewer drawbacks and can be put in place quicker and made to work more effectively than e replica of the US Securities and Exchange Commission.

No doubt the system will be fallible. Every system is bound to be. The aarly years giva extra cause for concern. Some participants will not be particularly well capitalised. There is e shortage of experience of managing risk in the way that the new market structure requires. The competition for qualified ataff has pushed overhaads in some firms to higher levels than is healthy; and in this situation it would be surprising if a minority were not tempted to try to cut corners.

Many will edvocate turning breaches of basie rules of fair dealing into crimes. However, experience often shows thet this is not the best way of preventing the offence occurring; and protecting investors should be more ebout prevention than punishment.

Insider trading provides an obvions example. Thet it can never be stamped out entirely is obvious. Even the full panoply of the SEC cannot do this as experience in tha US consistently shows. Here insider treding became a crime in 1980. In the five years before then the Stock Exchange conducted 177 investigations. At least eight cases led to firm results with wrong-doers being publicly exposed, heving to pay the illicit profits to charity, and in some cases being dismissed from their jobs. In at least as many other cases, where suspicions could not be developed into proof, the malefactor was dealt with privetely but probably no less effectivaly. Since the offence beeame a crime five years or so ago, the Stock Exchange has referred 100 serious cases to the Department of Trada; hnt there heve only been four or fiva prosecutions of which only two have been successful. The message is blindingly clear.

Why not an SEC? We need to retain flexibility end aveld bureaucracy. The SEC itself is moving strongly towards self-regulation. In secondary trading the SEC has delegated its control almost entirely to self-regulatory organisations although its background powers are stronger.

With the scheme proposed under the Bill, it will be possible to find dedicated practitioners who can ensure that the City keeps its value as a national asset.

Sir Martin Jacomb is deputy chairman of the Securities and Investment Board and chairman-designate of Barcleys de Zoete Wedds.

FINANCIAL TIMES
Tuesday January 14 1986

MANAGEMENT SET FOR £82.5M BUYOUT OF GROUP'S UK FOODS AND DRINKS DIVISION

Cadburys loses taste for cocoa

BY LISA WOOD IN LONDON

CADBURY SCHWEPPES, the British drinks and confectionery group, is at an "advanced stage" with negotiations for an £82.5m ($119m) management buy-out of its UK beverages and foods division. The division's bestknown products include cocoa, on which the Cadbury business was founded.

Announcing the proposed deal yesterday, the group also disclosed that its troubled North American operation would report a loss for 1985 compared with a contribution of £37m to total group profits of £124m to 1984.

The proposed sale of the food and beverages division, which is expected to report a fall in trading profits in 1985, comes on the heels of last month's £10m sale of the group's health and hygiene division to its management in December. In the same month, Cadbury Schweppes announced that it was to form a joint company with Coca-Cola, the world's biggest drinks company, to produce and distribute the two groups' soft drinks brands in the UK.

Mr Dominic Cadbury, chief executive of Cadbury Schweppes, said: "We feel that as far as the UK is concerned, we should concentrate exclusively on our confectionery and soft drinks business."

The link with Coca-Cola, the divestment of the foods and hygiene divisions and the restructuring last year of activities in North America would place the group in a much stronger position to achieve its long-term aims of building strong international brands.

The food and beverages division was created in 1969 with the merger of Cadbury and Schweppes. Cadbury contributed products such as Smash instant potatoes and Marvel, the powdered milk substitute, and Schweppes brought a variety of beverages, many acquired in the early 1960s, such as Typhoo Tea and Chivers Hartley jams.

The division, which trades in the UK, Ireland and France, underwent reorganisation in the late 1970s but trading profits slipped to £9.3m in 1984 compared with e record £10.9m in 1980. It is forecast that trading profits in 1985 will be below the 1984 level.

Typhoo Tea is the leading brand, contributing an estimated half of the division's profits, but it has been under severe pressure on both margins and market share from Brooke Bond, the market leader, and own-label products.

While the group as a whole in 1984 made e return of around 18.5 per cent on operating assets, the return for the food and beverages division was substantially below that.

The announcement by Cadbury of the 1985 loss to North America took the City of London by surprise, although the business fell toto deficit in the first half of 1985. At the time, however, the City forecast that the business could contribute more than £10m in the full year as restructuring of activities took effect.

See Lex; News analysis, Page 28

Péchiney links with Kawasaki in magnet venture

By Paul Betts in Tokyo

PÉCHINEY, the nationalised French aluminium and metals group, is teaming up with Kawasaki Steel in a $150m industrial joint venture to manufacture magnets for the electronics, factory automation and motor industries in Japan, the world's biggest market for magnets.

The joint venture between Péchiney's Ugimag magnets subsidiary and the Japanese steel company will be the third industrial venture in Japan by the French group, the world's fourth-largest aluminium producer. Péchiney already manufactures carbon blocks for the aluminium and steel industries at a wholly owned plant in Japan and, in a joint venture with Komatsu, makes turbine components.

Mr Bernard Pache, Péchiney's chairman, also indicated yesterday that the French company intended to extend its industrial involvement in Japan. The group is especially interested in developing its zirconium semi-fabricated products for the nuclear industry in Japan and supplying and eventually manufacturing cans and aluminium packaging products for the Japanese market.

Péchiney has also recently linked up with Japanese companies in a number of joint ventures based in France, including one with Toray to manufacture carbon fibres and one with Mitsui Mining and Smelting to produce copper products for the electronics industry.

The French group, which has been developing its activities in new metals and materials for industries with high growth potential, sees its venture with Kawasaki Steel as a chance to increase its penetration of the Y95bn ($471m-a-year magnet market which has been growing at an annual rate of about 10 per cent.

Mr Yasuhiro Yagi, president of Kawasaki Steel, said yesterday that the joint venture with Péchiney was part of his group's strategy of expanding into new businesses.

Kawasaki, the world's eighth-largest steel company, says that while it intends to stick to the steel business, it believes that with other operations in engineering services, chemicals, semiconductors and advanced materials, magnets will become a core business for the group.

Although Kawasaki and Péchiney have so far not chosen a definite site in Japan for the magnet plant, the joint venture is due to start production in autumn 1987. The investments will total about Y10bn over the next four years and the two companies anticipate annual revenues of Y10bn by the fifth year of operation.

The joint venture will be called Nihon Ugimag and will have a capital of Y4.5bn. Péchiney and Kawasaki will own 50 per cent shareholdings in the company.

Péchiney, which is seeking to extend its market penetration throughout the Far East region, is also continuing negotiations for an aluminium smelter project at Nanning in China. Péchiney officials confirmed the continuing discussions for a project that is expected to run to several billion dollars. The officials warned that the negotiations, which started in 1978, were expected to be long.

Péchiney seeks grants, Page 21

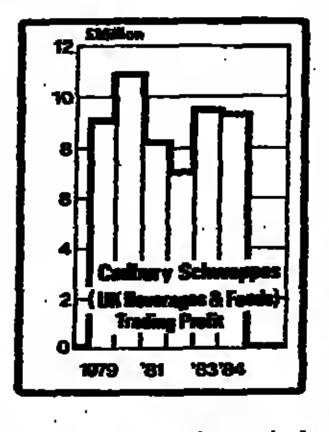
THE LEX COLUMN

Clearance sale from BAT

If BAT Industries does indeed wish to be rated as an international conglomerate emancipated from tobacco, it has to show that it can produce better from its large US retailing operation than the 50 per cent drop in dollar profits at the interim stage. At the very least, the City of London has been expecting that the old-fashioned middle-market department stores in unfashionable areas would follow the way of International in the UK into the retail dustbin.

As it is, BAT is now seeking buyers for a full 40 per cent of its US retail assets and turnover. The market was quite happy to push BAT's share price up 13p to 627p. And this was as much e response to the vigour of the exercise as to the disposal of a set of unprofitable properties.

After two years of overstocking and less than buoyant retail expenditure in the US, the divested businesses probably added next to nothing to the $150m or so of BAT-US's retail profit in the year just ended; and if BAT can raise $600m or so for the $800m in book assets, the benefit will be felt at the pre-tax level in the current year. However, even in the good years at the turn of the 1980s, the return on the investment at Gimbels was scarcely striking; and these stores continue to be squeezed between discount operations oo the one side and the quality stores such as Saks on the other which itself could only manage a flat performance last year but enjoys a national potential of considerable value to BAT. The market is primed for a poor set of full-year figures in March – but by then, who knows, the proceeds may already have been committed to US financial services.



Westland

The prospect of enthusiastic small Westland shareholders fighting for entry into the Connaught Rooms is not an edifying one even without the fact the meeting would be invalid if some were left in the street. At the very least, Sir John Cuckney will have in the Albert Hall the best backdrop London can offer for a vote that has taken on the drama and absurdity of grand opera.

Of course, the three days grace will allow the board a bit more time for institutional wooing and further blandishments in the direction of Mr Alan Bristow and his hostile 12 per cent; and it is only ironical on the surface that those backers of the European consortium so in favour of an adjournment are now crying foul. None the less, the outlook remains bleak for a 75 per cent approval of the board's recapitalisation proposals, even if yesterday's major transaction in Westland's equity – the sale of 9 per cent from Robert Fleming – is said to have ended up in hands not unsympathetic to the board, or Sikorsky/Fiat. In the meantime, the institutions must be hoping that there are yet more parties with pronounced views on defence procurement desperate to pay 125p for Westland paper.

Cadbury Schweppes

Throughout 1985 Cadbury Schweppes did its utmost to present the picture of a sensible company with a clear strategic purpose, only to have its efforts undermined by evidence of mismanagement in the US. Yesterday it worked both those features of the business into a single announcement. Cadbury is selling the bulk of its food and beverage operations to sensible people at a sensible price; unfortunately for Cadbury, the market was rather less interested in this item of news than in the accompanying statement that the US would not aftec all make a profit in 1985. The share price accordingly dropped 8p to 144p.

With the threat of takeover never far from the management's thoughts, the market's abiding interest in the US must be galling in the extreme. But the market can hardly be blamed. A year ago even the pessimists were expecting Cadbury to produce pre-tax profits of £140m in 1985; a figure of £90m now looks nearer the mark, with the US accounting for almost all the shortfall.

Cadbury's difficulties in North America have resulted largely from its dependence oo food brokers in the confectionery market, a problem which its two much larger competitors have avoided by working through their own distribution channels. If the US message is that size equals success, Cadbury has at least responded by concentrating more of its Easter eggs in one basket. The disposal of the food and beverage operation, taken together with the sale of the health and hygiene business, will release around £100m from underperforming assets which can then be ploughed into the core confectionery and drinks divisions. All this looks intelligent, if a little belated. But rebuilding a battered reputation in the confectionery business will take time; and time is not on Cadbury's side.

GEC/Plessey

Whether GEC succeeds in winning control of Plessey will most probably come down to a question of price, and an increase in the price that GEC is prepared to offer. But just in case anyone has been thinking that a sweetening of the terms was likely to extract a recommendation from Sir John Clark, the withering, sometimes provocative, tone of Plessey's defence document seems designed to prove the contrary. If Plessey is trying to needle GEC's management beyond willingness to negatiate, caricature may be its most formidable weapon. In this document, Plessey is represented as a cornucopia of technological promise, GEC as a maladroit and tight-fisted exploiter of other people's patents.

This is stretching things a bit far, as GEC is bound to say; and it falls some way short of demolishing the scale arguments which GEC advanced in favour of a merger. Moreover, some of the stock-market pleading is a bit suspect: given that both share prices peaked around three years ago and have since fallen by about a third, to 174p in each case, there is not much point in extolling Plessey's superior performance since 1980. Information about its trading position, which would cut more ice, is being held mainly in reserve; but full-year profits seem likely to be ahead of 1985, after a poor first half, and the cash has started to flow back into Plessey's balance sheet. Unless a falling market makes the GEC cash-component more attractive, time is on Plessey's side.

Commodity exchange considers overhaul

By Andrew Gowers in London

THE LONDON Commodity Exchange, which operates futures markets in sugar, cocoa, coffee and oil products, is considering proposals for a radical reorganisatioo aimed at recapturing lost trading volume and market share.

The proposals, which involve the most sweeping overhaul in the exchange's recent history, have been put to leading traders over the last few days by Mr Saxon Tate, the LCE's recently appointed full-time chairman. They suggest the creation of a centralised company to run the exchange's markets and develop new business, in place of the separate terminal market associations which currently oversee the individual futures markets.

Mr Tate was brought in last October to try to arrest the precipitous decline in soft commodity trading in London. In the first eight months of the present financial year trading activity on the LCE was nearly 21 per cent down on 1984. In New York trading in the same commodities was 6 per cent up while in Paris total volume in white sugar, cocoa and coffee rose by nearly 17 per cent.

According to the business plan, the LCE should be reconstituted as a limited company directly owned by trading members and run by a board accountable to shareholders. At present, the terminal market associations have most of the power in the LCE while the exchange's board is relatively weak.

Mr Tate is also proposing that the LCE should improve services to its members, should take urgent steps to contain its costs and should aggressively seek new business – both by attracting additional members and by developing new trading vehicles, such as options contracts.

He argues that the changes are essential to ensure that member companies' assets do not continue to waste, and to maximise returns on the exchange's considerable recent investments – notably its new purpose-built headquarters under construction in the City of London at an estimeted cost of £5m.

Other markets, such as the Internatiooal Petroleum Exchange, the LCE's energy offshoot which trades gasoil futures and a contract based on a crude oil index, are being invited to share the new building.

The plan estimates that to finance the procurement of extra business the LCE may need to increase its operating revenues by about £3.4m over the next three years. It suggests that an 8 per cent return on members' equity may be achievable by the financial year 1988-89.

However, it also raises the possibility that, if business does not rise substantially from last year's levels, the exchange may have to borrow money.

Mr Tate has asked for a response from member companies by the end of January, with a view to putting the new structure in place with the start of the next financial year

News analysis, Page 38

Agencies warned of spending cuts amid US deficit fears

BY STEWART FLEMING IN WASHINGTON

THE WHITE HOUSE has told government agencies to prepare for across-the-board cuts of 4.3 per cent in domestic spending programmes and cuts of 4.9 per cent in defence spending this year amid fears that the US budget deficit in 1986 will soar to $220bo The deficit in 1985 was a record $212bn.

The cuts, which are to be implemented from March 1, are the first automatic reductions in government spending required by the so-called Gramm-Rudman budget process reform bill, which became law just before Christmas.

The law calls for stepped, automatic reductions in the federal budget deficit over the next five years if Congress and the White House cannot agree on how to meet the targets for eliminating the deficit in 1991. In the current fiscal year, however, it limits to $11.7bn any automatic spending reductions even though the deficit is clearly going to be significantly higher than the $177bn target for 1986, which the legislation established.

Tomorrow the Congressional Budget office and the Office of Management and Budget will jointly announce their budget deficit projections for fiscal year 1986 and how the cuts of $11.7bn should be spread among government agencies. For this year alone, the bill gives the White House discretion in apportioning cuts in defence spending.

As the first impact of the controversial Gramm-Rudman reform bill is about to be felt, the overwhelming impression being created is one of confusion, not only about the immediate implications of the new bill for spending by government departments but also about the political impact of the new law.

The 1987 budget deficit projections, which will be announced tomorrow, themselves mean that the gap between the $144bn Gramm-Rudman deficit target for fiscal year 1987 and the actual deficit now probable is some $20bn larger than many budget experts were expecting.

The increase is being attributed in part to slower economic growth than had been expected and the higher-than-expected cost of the new farm bill. It means, however, that the task of achieving the 1987 budget target is all the greater.

Mr Reagan is taking a tough political line in his approach to meeting that target. Leaks of the details of his budget plan suggest that he will propose an increase in defence spending, another round of draconian cuts in domestic spending programmes (cuts which were not enacted last year) and a big programme of sales of federal assets – being presented as "privatisations" of the public sector.

Westland delays rescue plan vote

Continued from Page 1

block at 140p a share. "I had to think about that offer very carefully," be said, referring to the £2m profit he could have taken on his share purchases, "but I repeated that I was a long-term investor."

The British Conservative Government, already shaken by the resignation over the issue of Mr Michael Heseltine, the Defence Secretary, who favours the European plan, was further embarrassed yesterday. Mr Leon Brittan, the Trade and Industry Secretary, made e statement that had to be substantially corrected only hours later.

The result was to prompt oppositioo charges that Mr Brittan had in effect misled the House of Commons, thus leaving him in an increasingly exposed political position while raising further questions about whether the Cabinet's neutral line had been breached by him in talks last Wednesday with British Aerospace.

These developments came as the first opinion poll appeared showing the damage caused to the Tories and to Mrs Margaret Thatcher, the Prime Minister, by Mr Heseltine's resignation last Thursday.

A Harris Research poll carried out last Saturday showed that over half the electorate believed that Mrs Thetcher was to blame for Mr Heseltine's resignation, with less than a quarter blaming the former Defence Secretary himself.

Nearly three quarters of the sample thought that Mrs Thatcher's style of government would hinder her chances at the next election.

Senior ministers last night acknowledged that the Government was still on the defensive over the affair, from which no one had emerged with particular credit. The hope in Whitehall is that Mrs Thatcher can regain the initiative when she replies to Mr Neil Kinnock, the Labour Party leader, in the Commons tomorrow during a full-scale debate on Westland in which Mr Heseltine will also speak.

It was an apparently innocuous question from Mr Heseltine himself that prompted yesterday's further embarrassment for the Government. After e non-committal statement in the Commons from Mr Brittan, Mr Heseltine asked whether the Government had received any letter from British Aerospace (BAe) giving its view of a meeting held last Wednesday in Mr Brittan's department with Sir Raymond Lygo, the managing director of the company.

This was a reference to Mr Heseltine's allegation that Mr Brittan had warned Sir Raymond that BAe's involvement in the European consortium was against the national interest and that it should withdraw.

Mr Brittan had denied applying such pressure, although he had raised the issue of whether certain comments made by the European consortium could fuel protectionist sentiment in the US and damage the commercial interests of BAe, especially the possible sales of the European Airbus, which is partly funded by the UK Government.

Mr Brittan denied having received any letter from BAe and said later he was not aware of any letter from Sir Raymond to anyone else in the Government either.

It later became known, however, that Sir Austin Pearce, the chairman of BAe, had had a letter to the Prime Minister hand-delivered to Downing Street at noon yesterday, that is 3½ hours before the statement.

It later became known from Department of Trade and Industry officials that Mr Brittan had been informed of the existence of Sir Austin's letter minutes before leaving for the Commons yesterday afternoon. But he did not know its contents and did not know whether Sir Austin was willing to allow the existence of the letter (marked "private and confidential") to be made public.

Japanese business call for reflation

Continued from Page 1

Japan's trade surplus. "We are aware that there is something wrong with our economic structure, and e basic process of reappraisal is going on in Japan," he said.

There was e need for a "third stage in the opening up" of Japan because the country still had a habit of self-sufficiency, in buying manufactured goods and components that would not die quickly. In the meantime the country must spend more on its social infrastructure – housing and sewerage, for instance – in order to boost domestic demand and to reduce Japan's reliance on exports for its economic growth.

The Japanese delegation's criticism of Britain's industrial performance was muted, although it urged British industry to make greater efforts to sell in Jepan and in particular to pay continued attention to the quality and competitiveness of British goods.

In the course of the conference it emerged that British companies must make efforts on four fronts if they are to compete more successfully with Japan and reduce unemployment.

- They must focus on the technology of products as much as upon that of production processes, because products must be desirable as well as efficiently produced.
- They must learn from the Japanese in exploiting and adapting the skills of their workforces.
- They must have foreign language policies to compete in Japan and in other foreign markets.
- They must be more willing to plan far ahead.

Montedison to raise L500bn in rights issue

Continued from Page 1

and financial group against the wishes of Mr Gianni Agnelli, Fiat chairman. Gemina subsequently sold its controlling stake in Montedison to Mr Varasi and to other investors including clients of Rowak, the international securities arm of S.G. Warburg, the London merchant bank.

Yesterday Montedison gave an unconsolidated breakdown of its divisions. The fastest growth in turnover terms was in the special chemicals and high-performance materials sector, which grew by 21.7 per cent to L546.7bn in 1985. Energy was the largest division, recording a 17 per cent rise to L3,857bn. Other turnover figures for 1985 are: L2,944bn for petrochemicals and plastics (up 13.7 per cent); L2,489.6bn for META (up 8.1 per cent), the subsidiary which includes the Standa retail chain and which tookover BI-Invest; L1,365bn for health care (up 15.1 per cent); L1,046.2bn for fertilisers and pesticides (up 9.3 per cent); L1,024.2bn for fibres (up 18.8 per cent); L1,015.5bn for consumer products (up 7.2 per cent); L652bn for functional chemicals (up 2.2 per cent); and L217.8bn for other activities (uo 13.7 per cent). Turnover from the BI-Invest group has not been included for 1985.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	13	55	Dubrovnik	—	—	—	Malaga	S	15	59	Salzburg	Sn	1	34
Akrotiri	C	11	63	Faro	S	15	59	Malta	—	—	—	Seoul	S	-4	25
Algiers	F	15	59	Florence	S	8	43	Manila	—	—	—	Singapore	F	29	84
Amsterdam	R	8	46	Frankfurt	D	1	45	Miami	S	22	12	Stockholm	C	1	34
Athens	F	11	52	Funchal	C	18	64	Milan	F	3	37	Strasbourg	R	8	41
Bahrain	S	19	66	Geneva	R	3	37	Moscow	Sn	-14	7	Sydney	F	24	75
Bangkok	S	39	86	Gibraltar	S	18	81	Munich	Sl	2	36	Taipei	C	18	64
Barcelona	F	12	54	Guernsey	C	10	50	Nairobi	F	27	81	Tangier	S	11	63
Beirut	R	11	62	Helsinki	Sn	-4	25	Naples	S	12	54	Tehran	—	—	—
Belgrade	S	5	41	H. Kong	S	20	68	New Delhi	S	20	68	Tel Aviv	C	17	63
Berlin	R	3	31	Innsbruck	Sn	0	32	New York	F	11	52	Tenerife	S	19	66
Biarritz	C	12	54	Inverness	R	9	48	Nice	S	12	54	Tokyo	S	1	45
Blackpool	C	8	46	Istanbul	F	4	39	Oporto	S	11	52	Toronto	C	4	38
Bordeaux	F	12	54	Jersey	C	10	50	Oslo	S	-1	30	Tunis	C	15	59
Brussels	C	9	48	Jo'burg	F	28	82	Paris	C	10	50	Valencia	S	13	55
Budapest	S	2	36	Las Palmas	S	20	68	Prague	Sl	1	34	Venice	Fg	2	20
B. Aires	R	29	84	Lima	—	—	—	Reykjavik	C	4	39	Vienna	F	3	37
Cairo	S	18	64	Lisbon	Fg	6	43	Rio de J'o	C	33	91	Warsaw	C	2	36
Cape Town	S	23	73	Locarno	C	3	37	Rome	S	12	54	Zurich	Sn	1	34
Caracas	D	27	79	London	C	11	52								
Casablanca	S	15	59	Los Angeles	C	31	88								
Copenhagen	S	4	38	Luxembourg	R	6	43								
Corfu	S	14	51	Madrid	S	6	43								
Dublin	R	10	50	Majorca	S	14	57								

Readings at mid-day yesterday:

C-Cloudy D-Drizzle F-Fair Fg-Fog R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Global share trading plan

Continued from Page 1

Mr Steers indicated that ISRO would be prepared to consider any trading and clearing mechanism available on the market, and not simply the systems being readied by the stock exchange. It was important, he said, that adequate systems were in place not only to meet SIB strictures but also because cross-border equity trading posed greater credit and clearing risks.

The working party will face severe time pressure, since the SIB has made clear that it wishes there to be no delay in establishing new market structures.

The stock exchange, in an attempt to keep a place for itself in the global equity market, has been holding discussions on links with US exchanges and with a US clearing system. It plans this year to begin a swap arrangement with the National Association of Securities Dealers, which runs the Nasdag automated quoatation system for over-the-counter equities.

Under that plan, prices of several hundred US stocks will appear on the exchange's Topic screen in London, while dealers in the US will see oo their screens prices of leading UK stocks and of other international shares traded in London.

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Tuesday January 14 1986

Leading US banks report sharp rise in year-end earnings

BY WILLIAM HALL IN NEW YORK

J. P. MORGAN and Chase Manhattan Bank, two of America's leading money-centre banks, yesterday reported higher fourth-quarter earnings and sharply higher full-year net income after substantially boosting their loan-loss provisions.

J. P. Morgan, regarded as one of the most conservative banks in the US, increased its 1985 net income by 31.2 per cent to $705.4m and its earnings per share rose 28.7 per cent to $7.81. During the 12-month period its return on average common stockholders' equity was boosted from 15.86 per cent to 18.12 per cent.

Chase Manhattan, whose earnings have been on a plateau for several years, announced a 39.2 per cent rise in its 1985 net income to 565m and its earnings per share rose 41.7 per cent to $12.77.

Chase raised its fourth-quarter earnings by 25.8 per cent to $151m and J. P. Morgan increased its fourth-quarter net income by 3.9 per cent to $187.5m.

Morgan said the increase in its earnings "reflected increased net interest earnings and non-interest operating income." These gains were, in part, offset by increases in other non-interest operating expenses, provision for possible credit losses and income taxes.

The group, the main operating subsidiary of which is Morgan Guaranty Trust, more than doubled its provision for loan-loss reserves to $335m in 1985 and in the fourth quarter alone it trebled the provision to $90m.

Net interest earnings at Morgan rose 18 per cent to $1.83bn as a result of a 10 per cent increase in average interest earning assets and an improvement in the net yield from 2.90 per cent to 3.11 per cent.

However, one of the main factors for the superior performance in 1985 was a jump in foreign exchange trading profits from $28.5m to $172.6m.

Morgan's net loan charge-offs during the 12-month period jumped from $46m to $128m but the level of non-accrual loans fell from an end-September figure of slightly more than $1bn to $784m at the end of December 1985.

Meanwhile, the group's primary capital ratio was raised from 7.02 per cent to 7.96 per cent during the 12-month period. At the end of 1985 J.P. Morgan had assets of $69.4bn, common stockholders equity of $4.1bn and a total capital of $6.4bn.

Chase Manhattan's improved earnings were all the more impressive given that the group's average balance sheet remained virtually unchanged at $86.3bn. The company says its performance reflected higher net interest earnings and "substantial increases" in virtually all fee-based income categories plus the benefit of a full year's earnings from recent acquisitions.

Chase increased its provision for loan losses from $365m to $435m in 1985. Net loan charge-offs rose from $215m in 1984 to $320m in 1985.

Among other US banks to report yesterday Irving Bank, parent of New York-based Irving Trust, increased its 1985 net income by 18.2 per cent to $116m, or $6.14 a share. Its fourth-quarter earnings rose by a third to $28.2m, or $1.49 a share.

PNC Financial, the Pittsburgh-based bank holding company, increased its 1985 net income by 31 per cent to $187.8m and its earnings per share for calendar 1985 rose 17 per cent to $3.84 a share.

Colombia nationalises largest bank

THE COLOMBIAN Government has nationalised the Banco de Colombia, the country's biggest commercial bank and three finance companies "to preserve confidence in the financial system", writes Sarita Kendall in Bogota.

The action follows fears over the future of the Banco de Colombia after a big rundown of its capital and reserves.

However, the bank and the finance companies will be sold back to the private sector once they are back on a firm footing.

The Banco de Colombia and the three finance companies formed part of the Grupo Gran Colombiano, an empire that began to disintegrate more than two years ago as a result of what the Government alleges to be bad management and illegal practices.

Between them the four institutions represent about 15 per cent of all the savings deposits managed by similar organisations, and nearly two thirds of the losses accumulated by the financial system.

The head of the Grupo Gran Colombiano fled Colombia at the end of 1983, and since then the Government has worked with the Banco de Colombia to try and find ways of rehabilitating the bank without resorting to nationalisation.

According to the Finance Minister, Mr Hugo Palacios Mejia, the Government's main concern is to protect savers while ensuring that shareholders and former administrators responsible for the crisis do not benefit.

The four institutions will receive more than US$150m for immediate capitalisation, part of which will be used to pay off central bank obligations. If necessary, there will be further support from the new central bank fund created specifically to help tottering financial institutions.

UK, France reject EuroRoute scheme

By Andrew Fisher, Transport Correspondent, in London

BRITAIN and France appear to have ruled out the £5bn EuroRoute tunnel and bridge scheme as a contender in the cross-Channel fixed-link contest. But they are still divided over which of the two remaining projects to choose.

Yesterday's meeting in London between Mr Nicholas Ridley, UK Transport Secretary, and Mr Jean Auroux, the French Transport Minister, will be followed by at least one more set of talks before a decision can be made.

That is due to be made known next Monday when Mrs Margaret Thatcher, the British Prime Minister, meets President François Mitterand of France in Lille. However, it is not certain that the two leaders will have a specific project to announce.

The running now is between Channel Tunnel Group, the Anglo-French consortium offering a twin-bore rail tunnel, and Channel Expressway, the rail and road tunnel group headed by the Sea Containers Group.

France favours CTG, while Mr Ridley is keen that Channel Expressway should not be ruled out, as it provides the road link the UK Government wants to have included in any project to ensure a competitive balance of travel methods in a fixed link.

But both the French Government and rival consortia have questioned the costs of the £2.55bn Channel Expressway scheme, saying those have been seriously underestimated.

Neither Mr Ridley nor Mr Auroux would give any details of yesterday's discussions.

EuroRoute, already regarded as trailing the other two groups, has apparently been ruled out of the running, in part because of its £5bn cost, although that would all be privately financed.

FRENCH GROUP PLANS FUTURE AFTER MARCH POLL

Suez prepares for sell-off

BY DAVID MARSH IN PARIS

COMPAGNIE Financière de Suez, the French state-owned holding company, is preparing a financial operation which could pave the way for the entry of private capital into part of the group after general elections in March.

The Paris stock market has been expecting a capital-raising exercise, possibly in the form of a conversion of outstanding debt into equity-type instruments, since trading of non-voting loan stock (*titres participatifs*) issued by the group's banking arm, Banque Indosuez, was suspended last Thursday.

Officials at both the holding company and at Banque Indosuez yesterday refused to comment on the nature of the capital market operation under study. They pointed out that Suez needs approval from the Treasury to go ahead. A Suez board meeting on January 20 is expected to take a final decision on the affair.

Banque Indosuez is considering converting its *titres participatifs* (TPs) into issues closer in character to shares. Well-placed banking sources said last night, that the operation was intended to provide a possible route to denationalisation.

The imminence of the March general elections, widely expected to bring in a government in favour of denationalisation, has already led other state-owned companies and banks to make discreet preparations for selling equity to private shareholders.

Banque Indosuez, with its international operations and relatively high profitability, has already attracted at least six propositions from would-be private investors, from France and abroad, interested in taking a stake.

Banque Indosuez made its FFr 1bn ($135.1m) issue of TPs in February 1984. The bank's management has since conceded that *certificats d'investissment* – non voting preference shares which are closer to equity – would have been a more attractive way of stocking up its capital resources.

Tha Suez holding group made an issue of about FFr 600m of CIs last summer, whose value on the bourse has roughly doubled since then.

Péchiney seeks FFr 200m from Government to finance growth

BY PAUL BETTS IN TOKYO

PÉCHINEY, the nationalised French aluminium and metals group, is seeking FFr 200m ($26.8m) in capital grants this year from the French Government, its sole shareholder, to help finance the company's investment programme and to reinforce its capital base.

Mr Bernard Pache, Péchiney's chairman, also disclosed that tha aluminium group was considering raising additional funds this year through a new issue of *certificats d'investissement*. This is nonvoting equity which nationalised groups in France can issue to raise fresh money. Péchiney raised FFr 800m in this way last year.

Although Péchiney received substantial financial aid from the French Government in 1982 after nationalisation, the company had no capital grants from its shareholder last year. This reflects Péchiney's return to profitability and also the French Government's general budgetary restraint.

But Péchiney, with annual sales of FFr 35bn, cannot rely on cash flow alone to finance a continuing heavy investment programme. Mr Pache said investments last year totalled about FFr 5.3bn and that did not include an additional FFr 1bn for a new long-term electricity contract with Electricité de France (EdF), the state electric utility.

Mr Pache said investments this year were expected to total slightly more than FFr 4bn. In 1984, investments amounted to FFr 5bn including FFr 2bn for the first long-term electricity supply contract with EdF.

To cover last year's investments of about FFr 5.3bn, Péchiney relied largely on cash flow for about FFr 2.6bn. About FFr 1bn came from disinvestments and leasing operations, another FFr 800m was raised through the non-voting equity issue and there was some additional indebtedness.

The FFr 1bn electricity contract was covered by a Péchiney issue of non-voting loan stock – so-called *titres participatifs* – to EdF.

Pechiney's earnings for 1985 are expected to be significantly higher than the profit of FFr 550m of 1984, Mr Pache said. Earnings in the first half of last year totalled FFr 451m. Although the weaker dollar began affecting US revenues in the second half of last year, Péchiney expects the effects of the softer dollar to be felt essentially on this year's figures.

To help finance the FFr 4bn or more in new investments this year, Péchiney announced last month a FFr 500m Eurofranc bond issue. The company was also the first French group to issue last month FFr 300m in so-called *Billets de Trésorie*, which are the equivalent of certificates of deposit.

But Péchiney feels it needs the renewed financial support of its state shareholder to help finance investments in what it regards as strategic sectors for French industry.

NCR lifts earnings by 7%

By Our New York Staff

NCR, the US computer group, yesterday reported a substantial increase in computer orders during the fourth quarter of last year, suggesting that the industry is recovering strongly from the earlier slump.

Net profits for the full year fell to $315.2m or $3.15 a share from $342.6m or $3.30 a share, although on an underlying basis the results would have shown an increase after taking into account a $30.6m non-recurring tax credit from 1984.

In the fourth quarter earnings rose strongly by more than 7 per cent to $133.2m or $1.34 a share from $124m or $1.23 a share a year ago.

Sales for the year increased to $4.3bn from $4.1bn, and for the quarter to $1.4bn from $1.3bn.

Mr Charles Exley, chairman, said there were indications that 1986 would be a good year for NCR. The growth in orders in the US during the fourth quarter was led by general purpose computers, retail terminals and financial terminals, he said.

Chubb takes heavy charge in quarter

BY TERRY DODSWORTH IN NEW YORK

CHUBB, the US property and casualty insurance group, is taking a charge of $173.5m in the fourth quarter as part of a plan aimed at neutralising future claims in its medical malpractice division.

The charge amounts to the cost of a new reinsurance agreement taken out with Sun Alliance and London Insurance of the UK. This sum, says Chubb, should eliminate the need for any further strengthening of its medical malpractice reserves.

The insurance company's move illustrates the problems caused in the US industry recently by the rising cost of medical insurance as the result of increasing court awards in successful malpractice claims. In some states, including New York, official efforts are being made to hold down medical insurance rates because of threats by doctors to stop practising because of the cost of their insurance. Several insurance companies, including Chubb, have withdrawn from writing medical malpractice lines because of losses in this sector.

Chubb said that its new policy will make available $285m in excess of its 1985 year-end reserves for its medical malpractice class of business. Current reserves amount to around $225m and the company expects that the total amount will bring its own liabilities for claims to an end within about three years.

The effect of the move on Chubb's earnings will be severe in the current year, with the charge reducing fourth-quarter after-tax operating income by $2.97 per share. This is slightly more than the $2.88 per share in net operating income in the first nine months of the year, though less than the $4.44 net earnings per share after the inclusion of investment gains.

In a confident statement about its current prospects, Chubb stressed that the earnings reduction would not affect its ability to write new business, since it is taking down a $150m term bank loan to maintain its capital position.

Fauroux quits St Gobain

By Our Paris Staff

MR ROGER FAUROUX, chairman of Saint Gobain, the French state-owned pipes, glass and [illegible] conglomerate, is [illegible] become head of the [illegible] Nationale d'Administration, (ENA), the Government's civil-service school.

The move, expected to be formally decided by the French Cabinet on January 22, marks the end of a 25-year career at Saint Gobain for Mr Fauroux. He is the only head of a nationalised industrial group who was in place before the Socialist Government extended public ownership in February 1982.

Mr Fauroux's nominated successor is Mr Jean-Louis Beffa, the company's managing director. He joined the group in 1975 and has been groomed as Mr Fauroux's successor for the past three years.

The appointment, if approved by the Government, will be a further example of continuity in the management of state-owned groups. Chairmanship changes at Compagnie Générale d'Electricité and Péchiney during the past two years have both led to promotion for candidates from within the groups.

Mr David Dautresme, whose departure from the state-owned bank Crédit du Nord was announced last week, has also effectively been allowed to choose his own successor.

Officials close to Mr Fauroux, 59, said his decision to leave had not stemmed from any overriding wish to depart from Saint Gobain, which he has chaired since 1980.

Mr Fauroux was due to leave to take the opportunity of filling the top job at ENA, which will fall vacant when its present incumbent, Mr Simon Nora, reaches retirement age of 65 next month. Officials said Mr Fauroux's decision to resign was not connected with general elections in March, which are casting shadows over the futures of some of the nationalised-company chairmen.

It is clear that Mr Fauroux is happy that his departure is not being linked to political motives. Ha will be the first important business figure to take over the helm of ENA.

Serious split in board of Fininvest

By Alan Friedman in Milan

MR ALDO ZANA, a senior aida to Mr Silvio Berlusconi, the Italian television magnate, has resigned after what appears to have been a serious disagreement over the strategy and structure of Mr Berlusconi's master Fininvest holding group.

Fininvest controls Mr Berlusconi's three successful television stations in Italy, his share in a new French commercial station and property, insurance, electronics and other subsidiaries.

The resignation of Mr Zana, who was appointed director-general of Fininvest Communications and external relations less than three months ago, follows talk in Milan that the management structure at the rapidly growing Fininvest requires attention.

Mr Zana who, like Mr Berlusconi, has close ties to the Socialist Party of Prime Minister Bettino Craxi, worked previously for IBM and was poached by Fininvest from his position as group public affairs director at Italtel, the state telecommunications group.

SEP in FFr 100m link with Rhône Poulenc

BY OUR PARIS STAFF

RHÔNE POULENC, the French nationalised chemicals group, is joining forces with Société Européenne de Propulsion (SEP), the state-controlled rocket engine company, in a project to produce high-performance composite materials for industrial applications.

The link-up, in an investment programme likely to cost about FFr 100m ($13.3m) over several years, is part of a bid by both companies to secure a firm foothold in the advanced composite material sector in the face of competition, particularly from Japan.

The project will be centred on ceramic materials on which SEP has carried out research for several years. SEP has already developed carbon composites as a result of work on engines for France's nuclear-tipped ballistic missiles.

These materials are being used in other areas such as brakes for civil and military aeroplanes.

The ceramic materials, although some way from the industrial production stage, have already found uses in aerospace in areas like protection of engines and spacecraft.

SEP and Rhône Poulenc – which has recently set up a ceramics department to pool expertise in its speciality chemicals activities – are hoping that ceramic structures can be developed for more routine applications in fields like diesel engines and turbines.

Ericsson appoints US chief

ERICSSON, the Swedish telecommunications and electronics group, has appointed Mr Peter Thomas chief executive of the group's troubled US operations, writes Kevin Done in Stockholm.

Mr Thomas, 44, is chief executive of Telenova, a California-based manufacturer of voice-data office controllers. He has worked for both ITT and Northern Telecom.

Isola to open £10m factory in Scotland

BY MARK MEREDITH IN EDINBURGH

ISOLA, part of the West German Rutgers group, announced yesterday that it would set up a plant worth £10m ($14.4m) in Scotland to produce specialised components for the electronics industry.

The factory, located at Cumbernauld new town north-east of Glasgow, is to produce printed circuit board laminates. It plans to create 200 jobs over the next five years.

Most of the inward investment which has helped build up the electronics industry in Scotland has come from US and Japanese companies seeking a European base to sell into the Common Market.

Dr Rainer Tillessen, director of Isola, which is based in Dueren, said he wanted to be close to the customers. He also attributed his decision to the efforts of Locate in Scotland (LIS), the organisation which combines the industrial promotional activity of the Scottish Development Agency and the grant giving capacity of the Scottish Office.

Dr Tillessen forecast strong export development to US and Commonwealth markets from the Scottish plant which is due to come on stream by the second quarter of 1987. The Cumbernauld factory will develop epoxy or polyimide glass-based laminates and specialises in multi-layer circuit boards.

The company is to have British management and will employ mostly women who will be trained in West Germany. The Scottish plant will operate as an independent profit centre, Dr. Tillessen said.

Takeover of Edet group completed

By Our Nordic Correspondent

SVENSKA Cellulosa (SCA) a leading Swedish forest products group has completed its takeover of Edet, a rival Swedish producer of tissue and hygiene products in a deal worth SKr 185m ($24.5m).

Edet is to be merged with the industrial products division of Mölnlycke, the SCA subsidiary acquired in 1975 as part of the group's strategic move into higher value added fibre-based products. Mölnlycke is planning to invest around SKr 200m over the next five years to modernise Edet plants and improve profitability.

INTL. COMPANIES

Volvo to close US bus assembly plant

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT, IN LONDON

VOLVO of Sweden is to close permanently its bus assembly plant at Chesapeake, Virginia, later this year. It will stop selling buses in the US after current orders are completed.

The plant employs 280 people and was set up in the autumn of 1983. Volvo said yesterday it had begun negotiations with local unions about the closure.

Chassis for the Chesapeake factory have been supplied from Volvo Bus's factory at Boraas, near Gothenburg. The company pointed out that, since early 1984, about 265 chassis had been exported to the US plant, representing an annual average of 90 or only about 5 per cent of Boraas's total output.

Volvo said the Chesapeake factory had been losing heavily but declined to give the exact sum. The factory has already delivered 120 city buses and has 144 still to be delivered to New Jersey and Ottawa by the final quarter of this year.

Volvo said city bus demand in the US had halved since 1980, leading to a 25 per cent fall in prices. Cuts in subsidies to public-transport authorities by the Reagan Administration had made things worse. "We can no longer compete on price without lowering our quality – and that is not part of the Volvo policy," a spokesman explained.

The Swedish group continues to retain a significant position in the US truck industry through its subsidiary, Volvo White, with four truck-assembly plants

Valmet set to take 75% stake in KMW division

BY OLLI VIRTANEN IN HELSINKI

VALMET, the Finnish metal and engineering group, plans to acquire a majority in the paper machine division of the Swedish engineering company, KMW.

According to the preliminary agreement signed yesterday, Valmet will buy 75 per cent of the division which will be formed into a joint-venture company with a turnover of SKr 450m ($60m). The purchase price has not been disclosed.

State-owned Valmet is one of the world's leading paper-machine manufacturers. The division's turnover will be approximately FM 2bn ($370m) this year. Its main products are large newsprint and printing and writing paper machines as well as ventilation and automating systems for paper machines. Valmet also has a manufacturing plant in Montreal, Canada.

KMW is part of the Nordstjärnan Group which sought ways to reorganise the ailing metal engineering subsidiary. Valmet has had contacts with KMW for about five years.

The main products of KMW's paper-machine division are tissue-paper machines which will complement Valmet's product range. KMW has production units in Karlstad in Sweden and in North Carolina of the US.

Valmet markets its paper machines overseas through the TVN group. Its other two partners are Tampella, which makes paper-board machines, and Wärtsilä, whose product line includes paper finishing machines.

Valmet is also negotiating to buy Beloit, the world's leading paper-machine manufacturer, as part of its expansion plans.

BNL plans to increase capital

BANCA NAZIONALE del Lavoro (BNL), Italy's leading state bank, plans to increase its capital to more than L1,080bn ($602.7m) from L820bn, according to Mr Nerio Nesi, the group chairman, Reuter reports from Milan.

Speaking at a conference in Milan Mr Nesi said the increase would be decided by the board next month and put to shareholders by April.

The increase, part of which may be raised abroad, would almost certainly be effected through a part-free, part-paid share offer, he added.

The operation will follow an earlier one last December, which raised capital to L820bn from L600bn through the issue of 22m non-voting shares.

BNL's ordinary voting capital is currently 85 per cent controlled by the state.

This announcement appears as a matter of record only. — *November 1985*

Hertz

The Hertz Corporation
and
Hertz International, Ltd.

US $150,000,000
Standby Facility and Placement Program

Arranged by:

BankAmerica Capital Markets Group

Managed by:

Allied Irish Banks, p.l.c.	Amsterdam-Rotterdam Bank N.V.
Banco di Roma	BankAmerica Capital Markets Group
Banque Nationale de Paris	Berliner Handels- und Frankfurter Bank
Canadian Imperial Bank Group	Credit Suisse
The Dai-Ichi Kangyo Bank, Limited	Dresdner Bank AG New York/Grand Cayman Branches
The Fuji Bank, Limited	Istituto Bancario San Paolo di Torino New York Limited Branch
Midland Bank plc	
Swiss Bank Corporation	Union Bank of Switzerland

Tender Panel Members:

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Banque Nationale de Paris p.l.c.	CIBC Limited
Credit Suisse First Boston Limited	Dai-Ichi Kangyo International Limited
EBC Amro Bank Limited	Fuji International Finance Limited
Merrill Lynch Capital Markets	Midland Bank plc
Salomon Brothers International Limited	Shearson Lehman Brothers International
Swiss Bank Corporation International Limited	Union Bank of Switzerland (Securities) Limited

Agent:

Bank of America International Limited

This announcement appears as a matter of record only. — *November 1985*

RJR

R.J. Reynolds Industries, Inc.

US $400,000,000
Borrower's Option for Notes
and Underwritten Standby (BONUS)

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Banca Nazionale del Lavoro Filiale di Atlanta	BankAmerica Capital Markets Group
Barclays Bank PLC	Credit Lyonnais
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The Fuji Bank, Limited	Security Pacific Limited
Swiss Bank Corporation	
Algemene Bank Nederland N.V.	Banca Commerciale Italiana
Bank of Montreal	The Bank of Nova Scotia Group
Banque Nationale de Paris	Banque Paribas
Commerzbank Aktiengesellschaft	Deutsche Bank Aktiengesellschaft New York Branch
Generale Bank	The Long-Term Credit Bank of Japan, Limited New York Branch
The Mitsubishi Bank, Limited New York Branch	National Westminster Bank Group
The Sumitomo Bank, Limited New York Branch	Westdeutsche Landesbank Girozentrale

Tender Panel Members:

Algemene Bank Nederland N.V.	Banca Commerciale Italiana London Branch
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Commerzbank Aktiengesellschaft	County Bank Limited
Credit Lyonnais	Deutsche Bank Aktiengesellschaft London Branch
Dillon, Read Limited	First Chicago Limited
First Interstate Capital Markets Limited	Fuji International Finance Limited
Generale Bank S.A./N.V	LTCB International Limited
Merrill Lynch Capital Markets	Mitsubishi Finance International Limited
Morgan Stanley International	Salomon Brothers International Limited
Security Pacific Limited	Shearson Lehman Brothers International
Sumitomo Finance International	Swiss Bank Corporation International Limited
S.G. Warburg & Co. Ltd.	

Facility and Placement Agent:	*Issuing and Paying Agent:*
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CHRYSLER FINANCIAL CORPORATION

US $1,000,000,000
Note Placement and Standby Facility.

Lead Managed by:

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Manufacturers Hanover Limited

Orion Royal Bank Limited

Swiss Bank Corporation International Limited

Managed by:

Canadian Imperial Bank Group

Continental Illinois Capital Markets Group

Security Pacific Limited

The Bank of New York	The Bank of Nova Scotia Group
Banque Nationale de Paris	Banque Paribas
BBL Bank Brussels Lambert New York Branch	Berliner Handels- und Frankfurter Bank
Chemical Bank International Group	Credit Lyonnais
EBC Amro Bank Limited	First Interstate Capital Markets Limited
The Gulf Bank K.S.C.	Istituto Bancario San Paolo di Torino New York Limited Branch
Morgan Guaranty Trust Company of New York	National Westminster Bank Group
N M Rothschild & Sons Limited	Toronto Dominion International Limited

Swing Line Agent:	*Tender Panel Agent:*	*Issuing and Paying Agent:*
Manufacturers Hanover Trust Company	Orion Royal Bank Limited	Swiss Bank Corporation

Facility Agent:

Bank of America International Limited

This announcement appears as a matter of record only. — *December 1985*

Lockheed

Lockheed Corporation

US $350,000,000
Borrower's Option for Notes
and Underwritten Standby (BONUS)

Arranged by:

BankAmerica Capital Markets Group

Managed by:

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Banque Indosuez	Banque Nationale de Paris
Canadian Imperial Bank Group	Credit Lyonnais
Credit Suisse	The Industrial Bank of Japan, Limited Los Angeles Agency
Istituto Bancario San Paolo di Torino	The Long-Term Credit Bank of Japan, Limited Los Angeles Agency
The Mitsubishi Bank, Limited	
Australia and New Zealand Banking Group Limited	B.A.I.I. GROUP
Banca Nazionale del Lavoro Los Angeles Branch	Bank of Montreal
Barclays Bank PLC	Berliner Handels- und Frankfurter Bank
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IBJ International Limited	Istituto Bancario San Paolo di Torino
Kredietbank N.V.	LTCB International Limited
Mitsubishi Finance International Limited	Salomon Brothers International Limited
Swiss Bank Corporation International Limited	S.G. Warburg & Co. Ltd.
Westpac Banking Corporation	

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BankAmerica Capital Markets Group

INTL. COMPANIES & FINANCE

More defaults threaten Singapore

BY CHRIS SHERWELL IN SINGAPORE

CONCERN IS deepening further in Singapore's financial community over the future of several local broking firms as a result of prospective defaults on S$600m (US$283m) worth of forward share purchase commitments.

Three developments in particular are causing the worries:

● Today's deadline for Mr Tan Koon Swan, the Malaysian entrepreneur and politician, to produce an S$8m cash injection for Pan-Electric Industries, the ailing marine salvage, property and hotel concern now in receivership.

Any inability to pay will not only determine whether the company is put into liquidation but also spell trouble for several Singapore broking firms who expect Mr Tan to honour S$140m worth of share purchase commitments which he took over from Pan-Electric at the end of December.

● A massive S$100m of share purchase obligations which has been discovered within Growth Industrial Holdings (GIH), tho investment company which hold a 31.6 per cent stake in Pan-Electric. GIH is believed to be in no position to honour these commitments.

● The refusal of one Singapore broking firm, Lin Securities, to take delivery of S$3.8m of shares in Sigma International, tho company through which Mr Tan holds a 22.6 per cent stake in Pan-Electric. This contract involves neither Pan-Electric nor GIH. Payment was due to Bank of Canton.

Speculation abounded yesterday that at least one Singapore broking firm could soon be forced to turn to the "lifeboat" fund arranged last month to allow financially-troubled firms to meet their obligations. So far only Associated Asian Securities, which has links with both GIH and Pan-Electric, has ceased trading.

The action taken by Lin Securities is presumed to be an attempt to draw attention to the seriousness of the problems still facing local brokers and, for that matter, the banks which have financed their troublesome forward share transactions. Some brokers feel Lin's move is ill-conceived.

The existence of Pan-Electric'e forward deals came to light when the company tried unsuccessfully to leunch a rights issue to help reduce eome of its burdensomo S$400m dobt. When the company was put into receivership at the end of November, the Singapore and Knala Lumpur stock exchanges were closed for three days because of fears that this would trigger a chain of broker defaults.

It now transpires that, of the S$60m in outstanding forward contracts then admitted to be in existence, at least S$240m worth lie with Pan-Electric and GIH wbile some of the others have the potential—as in the Lin Securities case—to provoke non-payment and so beg questions ebout the wholo systom.

Tho Singapore authorities have forbidden forward trading since the exchange reopened, and only last week allowed the expansion of trading from an "immediato" basis to e 24-hour "ready" basis.

Rand Mines gold profits move higher for quarter

BY KENNETH MARSTON, MINING EDITOR

DECEMBER QUARTER net profits of the South African gold producers in the Rand Mines group have emerged highor, with the exception of the veteran East Rand Proprietary Mines (ERPM).

Working profits for ERPM were sharply up on the previous three months, but there was a R451,000 ($189,600) repayment of state assistance compared with a receipt of R3.72m under this heading in the September quarter.

All four mines have enjoyed higher gold prices in the latest quarter in line with the depreciation of the South African currency and this also applies to their forward sales. Gold prodnction, however, has been checked by the shorter working period of 88 milling days compared with 91 days in the September quarter.

Net profits of the marginal Durban Deep have risen 45 per cent while the younger

GOLD MINE NET PROFITS

	Dec qtr R000	Sept qtr R000	June qtr R000
Blyvooruitzicht ...	18,229	15,077	13,884
Durban Deep ...	†8,357	†6,471	*1,349
East Rand Pty...	†3,937	*4,457	*3,808
Harmony	59,949	46,608	54,455

*After receipt of State assistance. † State assistance overclaimed.

Blyvooruitzicht has lifted earnings by 21 per cent partly as a result of an improved ore grade. Earnings at Harmony have increased 29 per cent despite a rednction in uranium revenne.

Honda plans to overtake Mazda with car sales

BY OUR FINANCIAL STAFF

HONDA, the world's largest producer of motorcycles which is also Japan'e fifth-biggest vehicles manufecturer, has produced sales forecasts for 1986 which assume a 15.5 per cent increase in domestic car sales to 525,000 units, and e 10.7 per cent rise in export sales to just over 1m units.

The forecasts, which struck industry experts in Japan as highly optimistic by comparison to those of other Japanese motor groups, would, if they prove correct, put Honde's car sales ahead of those of Mazda, its next biggest rival.

Mazda yesterday forecast 1986 production totalling 1.42m units, a rise of 5 per cent. It plans to export 1.05m of these, but domestic sales are expected to show a faster rate of increase, at 6.9 per cent.

Earlier this year Toyota, the biggest Japanese motor manufacturer, forecast growth of only 2.9 per cent in domestic car sales and e drop of 4.1 per cent in exports.

During tho course of 1986 prodnction is duo to start at Cowley, near Oxford, of the Honda-BL Legend at an initial rate of 10,000 units a year, while production at Honda's plant in Ohio will rise from 150,000 last yeer to 220,000. In addition, the group's Canadian plant is due to start production et tho rete of 30,000 vehicles a year.

Motorcycle sales, by contrast, are expected to fall by 3 per cent to some 3m nnits—largely as a result of a forecast drop in exports to China.

Court freezes North Broken Hill holding

By Michael Thompson-Noel in Sydney

A PARCEL of shares worth A$65m (US$45m) in Australia's North Broken Hill Holdings (NBH) has been temporarily frozen by the Victoria Supremo Court pending further court ection due on Thursday.

The move follows attempts—so far unsuccessful—by NBH to trace the owner of the shares, which represent about 6.5 per cent of NBH's capital.

Ownership of the shares is camouflaged behind a web of nominee companies stretching from Sydney to Zurich, Loodon, the Channel Islands, and the Cook Islands in the South Pacific.

The shares were purchased last week, prompting renewed speculation that NBH was ebout to become the subject of a takeover offer.

The A$65m packet of NBH shares has been vested with the National Companies and Securities Commission in an ettempt to flush out the mystery owner.

NBH said yesterday that the company was baffled by the secrecy surrounding the new owner'e identity.

There was speculation last week that the buyer was Industrial Equity, Mr Ron Brierley'e aggressive Sydney-based investment group, but excessive secrecy is not usually part of that company's tradecraft.

Under the court order, Bank of NSW nominees cannot sell or transfer the shares, receive divideods, or exercise voting rights. This is the first time that shares in any company bave been vested in tho NCSC.

Sumitomo to set up overseas financial units

By Yoko Shibata in Tokyo

SUMITOMO CORPORATION is to set up financial services subsidiaries in London, Panama and the Cayman Islands, the first such operations to be launched by a Jepanese trading house.

The three wholly-owned subsidiaries will have a combined paid-up capital of more than $180m, and are scheduled to start in April.

The Cayman subsidiary plans to raise capital through privately and publicly offered bonds, proceeds from which will ultimately be invested in the public and corporate bond markets in Europe.

Assets are expected to reach $200m in the first year.

Pakistan may float airline in US

BY MOHAMMED AFTAB IN ISLAMABAD

PAKISTAN is considering a US flotation for Pakistan International Airlines (PIA), tha national flag carrier.

A decision by the Government, which holds 51 per cent of the airline's equity, is expected within the next few weeks. The bulk of the remainder is held by nationalised banks and financial institutions.

Tho Government may divest 8 to 9 per cent from its own holding and float these shares on Wall Street. It is discussing the proposal with Merrill Lynch, the New York stockbroker.

A flotation in the US has been recommended by the International Finance Corporation (IFC), the World Bank affiliate.

Tho IFC and a number of international banks would extend institutional support for the flotattion. The IFC believes that selling PIA shares would bring the eirline some useful foreign exchange, and additionally would provide an indication to foreign private lovestors that they are welcome in Pakistan.

If the proposal goes through PIA will be the first Pakistan company to gain a Wall Street listing. But eritics say that there are hardly any other Pakistani companies large or well-enough known to investors abroad in order to secure a quotatiton, and that the chances for attracting foreign capital beyond PIA are thus small.

There are two denominations of PIA equity. The Karachi Stock Exchange is quoting the PRs 10 sbares at PRs 13 and the PRs 5 shares at PRs 7. Issued capital is some PRs 1.66bn ($103.8m), valuing a flotation in the 8 to 9 per cent range at about PRs 142m.

PIA braced for harsher climate

Mohammed Aftab in Islamabad examines attempts to improve efficiency at the national flag carrier

PAKISTAN International Airlines is currently engaged in e four-pronged fight, and is trying to come out of it with as fow bruises as possible.

It has to mako major improvements in all spheres of its activity: raise operational standards, cut excess staff, survivo increasing international competition, and counter the slump in its Middle East traffic, one of its most important areas of activity in the past.

The process of shoring up PIA started in August 1981 with the drastic martial law order banning all trade unions, which, along with poor management, were held responsible for the airline's problems. The year 1984-85 has shown better results, although eome of the financial gains will have to be interpreted with caution, given the extremely poor performance of the previous years.

The airline has also begun to re-equip. Five Boeing 737-300 aircraft were acquired last year to fly on domestic and regional routes, and the airline now has a fleet totalling 45 aircraft of various types.

The aircraft in commercial service (that is, excluding training aircraft) incinde four Boeing 747 Jumbo jets, four McDonnell Douglas DC-10-30s, sevan Airbus A-300-B4s, five Boeing 707s for passengers and two more for cargo, three Boeing 720Bs, five Boeing 737-300s, nine Fokker F-27s and two Twin Otters.

PIA has decided to swap its four DC-10-30s for three Boeing 747s from Canadian Pacific Airlines, and also to acquire an Airbus A-300. The swap, which started in December, will be completed by October.

The company decided it oeeded to reduce from three to two the number of types of wide-bodied aircraft in service, in order to improve efficiency, to echieve better utilisation of aircraft and crews, and to cut down inventories.

The airline flies to 38 ioternational destinations, including 11 in South Asia and the Far East, 14 in the Gulf and Middle East, four in Africa, eight in Europe, and ono in the US. It serves 29 Pakistani cities and flew 3.75m passengers in 1984-1985, or nearly a quarter of e million more than 1983-84.

The passenger load factor improved to 65.7 per cent from 64.6 per cent in the previous year. The revenue tonne-kilometres (RTKs) flown rose to 903.6m, up from 876.8 RTK in 1983-84. Overall revenue load factor rose to 58.4 per cent from 56.7 per cent in the previous year.

Air Marshall Wadar Azim, PIA'e managing director, claims seat ntilisation of 66.5 per cent in comparison with less than 60 per cent in the 1960s.

PIA saw its operating revenue rise to PRs 10.19bn ($637.6m) in 1984-85, froni PRs 9.29bn in 1983-84. Its operating expenses rose to PRs 9.32bn from PRs 8.58bn. The operating surplus rose to PRs 868m from PRs 711m and net worth increased to PRs 4.61bn from PRs 3.79bn.

The higher profit has been achieved in spite of declining traffic on various international routes, especially Saudi Arabia and the Gulf, where some 2.5m Pakistani workers were employed following the oil boom.

PIA faced a continuing decline in growth in the Gulf market for the third year, and there was a reduced growth for the second consecutive year in the Saudi Arabia market.

An excessive big workforce continues to cause concern. There are still 466 employees tn each aircraft—inclnding the nine small Fokker-F-27s,—despite pruning of the workforce from a peak of 23,550 in 1981 to 19,105 in 1985.

The competition has also increased over the years with Gulf and Seudi Arabian airlines now taking their full share of the Pakistan-Middle East market. The capacity of those airlines has at the same time mounted significantly.

The Pakistan Government, last year, permitted its nationals for the first time in more than two decades to travel by foreign airlines. Tho number of foreign airlines operating to and from Pakistan has increased from 22 in 1975 to 30 in 1985.

PIA sees "challenging times ahead." It will be unrealistic to expect its profitability to continue to grow," says its management. The year 1984-85 was e time of "peak profitability" and with the recent introduction of new aircraft capacity, the company's fixed cost will rise appreciebly, which could generate a new set of problems. It will, therefore, have to show more imagination and be competitive.

Air Marshal Azim ie enthusiastic, however, about the new deal PIA has completed with Boeing, which supplied five B-737 300 aircraft to Pakistan last year. A special arrangement with Boeing provides that Pakistan will offset 20 per cent of the cost of purchaso of the eircraft by fabricating certain aircraft parts under licence.

The airline has improved and expanded its engineering department, and is now eble to carry out a complete overhaul of Boeing 747s—Check "D"—making it self-sufficient in engineering services and maintenance.

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This announcement appears as a matter of record only.

NEW ISSUE — July 1, 1985

$100,000,000

Baltimore Gas and Electric Company

Floating Rate Notes Due 1995

The undersigned acted as sole underwriter of this issue of Treasury Bill Indexed Collared Floating Rate Notes.

PaineWebber Incorporated

The Sumitomo Bank, Ltd.
Chicago Branch

$50,000,000

Collared Floating Rate Certificates of Deposit
Due August 15, 1990

T-Bill Indexed

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August, 1985

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NEW ISSUE — September 19, 1985

$100,000,000

Student Loan Marketing Association

SallieMae

Floating Rate Notes, Series E
Due September 12, 1995

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NEW ISSUE — September 26, 1985

$100,000,000

Student Loan Marketing Association

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Floating Rate Notes, Series F
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NEW ISSUE — November 8, 1985

$100,000,000

CITICORP

Floating Rate Subordinated Notes
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PaineWebber Incorporated

The Mitsubishi Bank, Ltd.
New York Branch

$25,000,000

Collared Floating Rate Certificates of Deposit
Due November 20, 1990

Libor Indexed

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November, 1985

BNL

Banca Nazionale de Lavoro
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$25,000,000

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Due November 20, 1990

Libor Indexed

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November, 1985

SOCIÉTÉ GÉNÉRALE
New York Branch

$50,000,000

Collared Floating Rate Certificates of Deposit
Due November 20, 1990

Libor Indexed

We served as financial advisor and sole underwriter in connection with this issue.

PaineWebber Incorporated

November, 1985

This announcement appears as a matter of record only.

NEW ISSUE — December 12, 1985

$50,000,000

CALIFORNIA FEDERAL
SAVINGS AND LOAN ASSOCIATION

Collared Floating Rate Mortgage-Backed Notes, Series A
Due December 15, 1988

The undersigned acted as sole manager of this issue.

PaineWebber Incorporated

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Bond warrant deal for Nordic bank

BY MAGGIE URRY

THE EURODOLLAR bond market has been hit once again by a weak New York bond market. Following Friday's fall the market opened a point or so lower in Europe and fared no better when the New York market opened in the afternoon.

Despite the poor background Mitsubishi Finance International launched a $100m deal for Nordic Investment Bank with bond warrants. The host bonds have a 10-year life and pay a 9⅝ per cent coupon with a 100¼ issue price. This bond can be called from the sixth year at rising prices, starting at 101½ and adding ½ point each year to 103½ in the tenth year. At maturity the bonds will be redeemed at par.

The warrants, priced at $38½ give the right to buy a 10 per cent bond with the same maturity, which is non-callable. During the first five years the warrants can be exercised only by surrendering the host bond and paying a small cash adjustment, while after that time the warrants must be exercised by using cash. The warrants employ the "money back" feature and can be cashed in by investors at levels rising from $20 in the first year to $51 at maturity.

Some traders regarded the deal as too complex, though demand appeared for the warrants which were trading above $40. The bond looked on the tight side and dealers indicated a trading price at a 2 point discount to the issue price.

A second $300m floater was launched for Woodside Financial Services, which will go towards financing the company's North West Shelf natural gas export project. It was issued by IBJ International on terms similar to last week's deal. The bonds have an 11-year life and will pay interest at three-month London interbank offered rate (Libor). They are guaranteed by Industrial Bank of Japan and are non-callable for three years. Fees totalled 55 basis points and the bonds traded comfortably within that spread at 99.65 bid.

The Euroyen market received its first issue with equity warrants, a Y20bn deal from Kubota, the agricultural machinery company, led by Yamaichi International (Europe). The five-year bonds have an indicated 3 per cent coupon and par issue price. Fees totalled 2½ per cent. The issue was quoted above par.

Two more Euroyen straight issues were launched, and many more are expected because of the attractive swap opportunities they offer. However, many non-Japanese houses have taken little interest in these bonds, saying that they have no demand for them and expecting them to be sold to Japanese investors after the six-month lock-up period expires.

Nomura International led both yesterday's deals, each a five-year Y20bn issue with a 6½ per cent coupon. The borrowers were Philip Morris, the US tobacco company whose issue price was set at 100⅞ and Postipankki, the Finnish state-owned bank, where the issue price is 101⅛. Fees for both were 1⅞ per cent.

The Euro-DM market slipped by ⅛ to ½ point yesterday in quiet trading. Floaters are still under a cloud. No new issues were seen and some bankers believe that borrowers are waiting for swaps to be arranged.

The Swiss franc foreign bond market remains a haven of optimism with traders expecting interest rates to fall. Prices were slightly firmer yesterday.

A number of new issues appeared. Asian Development Bank launched a 30-year zero-coupon issue, led by SBC, with an indicated yield of 5¼ per cent. The expected proceeds are SFr 100m with an issue price indicated at 20.06.

Credit Suisse indicated a 5¼ per cent yield for a SFr 100m 15-year issue for Settsu Paperboard, while Chase Manhattan (Suisse) set terms for a SFr 100m issue for Southern California Gas at a 12-year life, a 5½ per cent coupon and par issue price. SBC cut the yield for Kyushu Electric Power's SFr 100m eight-year issue from the indicated 5¼ per cent to 5.164 per cent with a 5⅛ per cent coupon and 99½ issue price.

France lifts New Year issue to FFr 32bn

BY DAVID MARSH IN PARIS

THE FRENCH Government has increased to FFr 32m ($4.26bn) from FFr 25bn its innovative New Year financing on the domestic capital market, making the operation by far the largest bond issue yet made in France.

The Treasury has been able to profit from abundant liquidity to place the offering, separated into two tranches. As a sign of the increased sophistication now being shown by Paris bond market issuers, the first tranche carries a 9.80 per cent fixed coupon over 10 years, offered at 96.65 per cent, giving a yield of 10.35 per cent.

The second tranche, with a maturity of 11 years and 317 days, carries a 9.70 per cent coupon and a 96.65 per cent issue price, giving a yield of 10.20 per cent. It carries detachable, separately traded warrants giving the holder the right to exchange either tranche for floating-rate bonds.

The overall increase in the offering has allowed the Treasury to bring in another novelty for the French market: Of the 9.80 per cent tranche, FFr 2bn will be issued in the form of "stripped" bonds for which the capital part of the offering will be traded separately from the coupon.

The New Year financing, co-managed by Credit Lyonnais and the Caisse des Depots et Consignations, follows Government borrowing of FFr 100bn on the capital market last year from total new issues of FFr 310bn, up 27 per cent compared with 1984.

HK Land cancels facility

BY DAVID DODWELL IN HONG KONG

HONGKONG LAND, Hong Kong's largest property group, has cancelled a HK$4bn (US$512m) stand-by loan, saying that it has "more than adequate facilities" to meet future borrowing requirements.

The cancellation of the eight-year facility, which was arranged early in 1983, comes just a month after the cancellation of a HK$2.5bn stand-by loan, and is a measure of the group's steady recovery from the collapse in 1982 of the local property market, which took HongKong Land to the edge of bankruptcy.

At their nadir in 1983, Hongkong Land's losses amounted to HK$1.28bn. At that time, the company was forecasting that its debt would reach a peak of around HK$16bn, with annual interest repayments amounting to more than HK$1bn.

Yesterday, Mr David Davies, Hongkong Land's managing director, said debts are now not expected to rise beyond HK$11bn. In 1984, the group had returned to profit, recording a net surplus of HK$354m.

As a result of the cancellation of the two stand-by loans, properties valued at more than HK$12bn have been released from mortgage.

Lisbon refinances $400m

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

PORTUGAL has renegotiated terms on a borrowing totalling some $400m arranged in 1984 in a second major refinancing exercise to reduce the cost of its foreign borrowing.

New margins of ½ per cent for one year rising to ⅝ per cent for the next five years are proposed for the credit in question which is divided into two tranches of $307m and Ecu 120m respectively.

The terms incorporate a substantial cut in the cost of the deal which originally carried a margin of ⅞ per cent for the first three years rising to ⅞ per cent for the next four, but the maturity is being left unchanged at 1992.

Industrial Bank of Japan is agent on the dollar portion of the loan while Lloyds Merchant Bank is agent for the Ecu tranche.

Last November Portugal successfully launched its first major refinancing when it renegotiated the terms of two credits totalling $650m arranged at the height of its financial crisis in 1983. The margin over US prime rate on these deals was dropped and a new margin of ⅜ per cent over Libor (London Interbank Offered Rate) introduced.

Ecu 350m floater by EEC for Greece

By Paul Cheeseright in Brussels

THE EUROPEAN Community is to issue Ecu 350m of floating-rate bonds in the first stage of an operation to provide Greece with Ecu 1.75bn over the next year for the financing of its deteriorating balance of payments.

Negotiations to raise a further Ecu 525m are taking place with the banking community and should be completed by the end of the month. But the shape of this financing has not yet been settled.

Banque Paribas Capital Markets won the mandate for the floater, which is the largest such deal yet seen in the Ecu sector of the Eurobond market. The issue will pay interest at ⅛ per cent over three-month London inter-bank offered rate (Libor) for Ecu. Front-end fees total 15 basis points. The bonds mature in 1993 but the average life is 6.14 years. These are far better terms than Greece could have achieved on its own.

The issue had a good reception in the market, trading within the total fees at around 99.90, a level above co-managers' costs.

Putting together the finance for Greece is following much the same pattern as an Ecu 4bn loan for France—also for balance of payments purposes—in 1983, when the funds were raised in five distinct operations.

The difference between the French and Greek cases, however, arises from the fact that Greece is being subjected to much more stringent conditions as a price for the financing.

EEC Finance Ministers last November agreed that the Community would raise Ecu 1.75bn to help Greece. The funds, they decided, would be provided in two equal instalments, the second following within one year of the first, though not before January 1 1987.

The second instalment will be made available to Greece only after the European Commission and the EEC Monetary Committee have examined the progress of the economic recovery programme now taking shape in Athens.

This is aimed at cutting inflation, reducing the public sector borrowing requirement, and curtailing domestic credit expansion.

The raising of funds through the Community is vital for the Greek Government as a means of raising its wilting credit standing in the face of plans to borrow $1.5bn on the international markets this year and the same amount next year. Half of the funds will be used to amortise existing debt. Total Greek foreign borrowing stands at about $15bn.

DOMESTIC BOND MARKETS

US bears depress Tokyo

The yen bond market closed lower in Tokyo in response to bearish sentiment in the US securities market.

The yield of the bellwether 6.8 per cent 10-year government bond No. 68 ended at 6.00 per cent against 5.96 on Friday and the yield of the 6.2 per cent No. 78 bond at 5.85 per cent against 5.89 per cent. Dealers expect the No. 78 bond to be the next benchmark issue.

Most operators shrugged off bullish domestic factors, such as steadily declining yen short-term interest rates and the relatively stable dollar/yen rate.

Swiss warrants ease

In Zurich public authority issues were little changed. The latest 4½ per cent Swiss Federal bond ended 0.05 points higher at 102.20 per cent.

Among warrant bonds of major Swiss banks the 3 per cent UBS shed 0.50 points to 118 per cent and the 3 per cent Swiss Bank Corporation lost 0.75 points to 110 per cent. Elsewhere the 3½ per cent Crossair warrant issue was unchanged at 125 per cent.

Frankfurt cautions

Public authority bond prices ended lower in Frankfurt in quiet trading, with investors unwilling to open fresh positions after last week's decline on US credit markets and today's dollar recovery.

"The changing mood in the US has made most operators very cautious," one dealer said. Longer maturities were quoted around 50 pfennigs lower and shorter maturities fell as much as 45 pfennigs.

Amsterdam lower

Dutch Government bond prices were lower where changed in selective trading ahead of an expected new state issue on Wednesday although so far there is no consensus on what coupon or lifetime the new bond will carry.

Buying interest remained lukewarm with many institutions absent. Lower coupon bonds fell by 20 to 40 cents with isolated declines of 50 cents. The most recent state bond declined by 25 cents to 100.90 to yield 6.85 per cent Agencies

Peter Montagnon on a discounting game for experts

Repackaging country debt

NEVER SLOW to miss out on an opportunity of making money, US investment banks have begun to eye the discounts available in the secondary market for rescheduled developing country debt.

While the more exotic loans from countries such as Nicaragua are trading down to as low as 10 per cent of their face value, even those of the better rated countries are still on offer at a discount of 20 per cent or more from par.

All this suggests that there should be some scope for securitising the debt and repackaging it in a high-yielding form that could be sold on to investors looking for a speculative punt in the bond markets.

Unfortunately for would-be practitioners, the art of securitising Latin American debt turns out to be much more difficult than that of repackaging mortgages which is currently all the rage.

Though fairly well established as a banking activity since the debt crisis broke in 1982, trading of Latin American assets remains a specialist occupation in the hands of a relatively small number of experts. The market is thin, with a turnover last year of perhaps $2bn.

"It is a myth to say that a real market has developed in restructured Third World debt assets," says Mr Martin Schubert of European Inter-american Finance Corporation, which deals in the assets in partnership with Singer and Friedlander of London.

Deals are arranged on an ad hoc basis. Sometimes multinational corporations with investments to make in Latin America are involved as buyers. Occasionally rich private investors step in, but most business is done by banks wanting to swap one country's debt for another or to adjust the relative weight in their portfolios of private and public sector credits.

The result is often a deal involving as many as six or eight different slices of debt. Though Shearson Lehman Brothers indicates some prices, as the table shows, the range is very broad. No one has yet got round to posting viable prices on a Reuters screen.

That is in any case something that most major lending banks would not wish to see. An open market in rescheduled debt could play havoc with their accounts if auditors then forced them to mark their loan portfolios to market. Already US banks have become much more reluctant to trade their loan assets since the Institute of Certified Public Accountants ruled last year that they could avoid taking a loss only if they proved such deals entailed no loss of value.

On the other hand many European, Middle Eastern and Latin American banks do not mind swapping debt. The process can allow the true level of the discounts to be obscured.

Moreover, the difference between a rescheduled loan and, say, a repackaged mortgage or car loan, is that the latter has a firm maturity which everybody expects will be respected. No one can today predict when Latin American loans will be repaid and thus a repackaged security would inevitably take on some of the flavour of a perpetual obligation.

Mr Jay Newman of Shearson Lehman says that a yield high enough to take this into account would imply a discount far greater than banks can afford. "Most banks don't have enough reserves to sell outright for cash and therefore take a loss."

But he adds that this could change as provisions against rescheduled debt are increased. "Within two or three years we'll see a significant number of loans provided for which could increase the dynamism of the market in traded assets."

Two countries debts currently stand out among the more actively traded. One is Chile, which has an official scheme for turning debt into equity. It involves permitting Chilean residents to buy with free market dollars private sector debt at a discount which is then cancelled at the full face value and converted into equity.

The other is Brazil, where banks trade their commitments to lend under the Phase II rescheduling package which allows credit to be switched from one borrower to another.

That sort of process is one which, bankers believe, gives the market a genuine commercial justification. On the other hand there is no getting away from the fact that its existence also exposes the size of the discounts to the public gaze.

With even the best rated debts changing hands at only just over 80 per cent of their face value, there seems little immediate prospect of banks returning to new voluntary lending, where the price would be an inescapable 100 cents on the dollar.

PRICE RANGE ON LATIN AMERICAN DEBT

Country	Current worth*	Mid-1985*
Argentina	62-66	60-65
Brazil	75-81	75-81
Chile	65-69	65-69
Colombia	82-84	81-83
Ecuador	68-71	65-70
Mexico	68-72	80-82
Peru	25-30	45-50
Venezuela	80-82	81-83

(Source: Shearson Lehman Loan Transaction Group)

* As percentage of face value.

FT INTERNATIONAL BOND SERVICE

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amev 10⅜ 92	100	101½	102	−1¼	−0⅜	10.00
Amex Credit 10⅞ 90	100	103½	103¾	−1½	−1½	0.81
Atlan. Richfield 10⅝ 00	250	98¼	98¾	−1⅞	−2¼	16.44
Australia Com. 11 95	200	106⅛	106⅝	−1¾	−3⅛	6.89
Australia Com. 11¼ 00	100	107⅛	108⅛	−1½	−2⅝	10.16
BP Capital 11⅛ 92	150	105⅞	106⅜	−0⅜	−1	9.75
Campbell Soup 10½ 95	100	104¼	104¾	−1¼	−1⅛	9.75
Canada 11½ 90	500	107⅜	107⅞	−0⅜	−1⅞	0.22
Canadian Pac. 10¾ 93	100	104⅞	105⅜	−0⅛	−1	9.73
Canadian Pac. 12½ 89	75	109⅝	110⅛	−0½	−1	11.04
CEPME 10⅛ 91	100	102	102½	−1¼	−1½	0.59
Chevron USA 12⅝ 89	600	104⅜	104⅞	−0⅛	−0⅞	10.65
Citicorp 10 88	200	101⅛	101⅝	+0⅜	−1½	9.34
Citicorp 10⅝ 95	200	100⅜	100⅞	−1⅜	−1¼	10.51
Coca Cola 11¾ 91	100	107	107½	−0½	−1½	10.02
Denmark Kgdm. 11¾ 89	100	104	104½	−1⅛	−2½	9.65
Denmark Kgdm. 11½ 90	100	105⅛	105⅝	−1½	−2½	6.88
Denmark Kgdm. 11½ 92	300	106½	107⅛	−1	−2	9.84
EDF 10 95	225	100	100½	−1½	−2⅛	9.94
EEC 9¾ 90	350	100¼	100⅝	−0⅞	−1½	9.40
EEC 11½ 90	100	105⅜	105⅞	−0⅞	−2⅛	9.45
EIB 12 95	200	110⅞	111½	−1½	−3⅞	10.09
Eli Lilly 10⅜ 92	150	103½	104	−1½	−2½	9.46
Export Dev. Cpn. 10 90	100	102½	102¾	−0⅜	−2	8.24
Export Dev. Cpn. 12 89	100	107⅞	108⅜	−0⅜	−1½	9.34
Fed. Dep. Strs. 10⅝ 95	100	101	101½	−1½	−2½	0.89
Ford Motor Crd. 10½ 91	150	101½	102	−1⅛	−2	10.06
Ford Motor Crd. 11½ 90	100	104⅜	104⅞	−1	−1½	9.93
Ford Motor Crd. 12 95	100	107	107½	−0⅜	−1½	10.70
Gen. El. Cred. 10⅛ 00	200	102⅛	102½	−0⅛	−1½	9.89
GMAC 10⅛ 89	200	102⅝	103⅛	−0⅛	−1½	9.20
GMAC 10⅛ 92	250	101½	101⅞	−1⅛	−1⅜	9.95
IADB 10½ 95	150	103	103½	−1⅛	−2⅛	9.95
IBM Credit 10⅜ 2000	300	†102⅜	102⅞	−0½	−1⅛	10.02
Kellogg Co. 10⅞ 90	100	103⅞	104⅜	−0⅛	−0⅛	9.59
Kellogg Co. 11½ 92	100	104⅛	104½	−1½	−1⅜	10.19
LTCB 12⅞ 91	100	112⅝	113⅛	−1½	−1½	9.82
Mitsui Trust 11⅝ 90	100	†104½	105⅜	−0⅛	−1⅛	10.10
Nippon Cr. Bk. 10⅝ 95	150	103⅛	103⅝	−1⅛	−1⅛	10.06
Pillsbury Co. 10⅜ 93	100	99½	100⅛	−1½	−1⅞	16.24
Pru Realty S. 12¾ 95	546	105	109½	−1½	−1⅞	10.49
Qantas Airways 10⅜ 95	140	103⅜	104⅛	−0⅞	−1⅛	6.70
Quebec Hydro 11½ 92	100	107⅜	107⅞	−1½	−2	9.97
Queensld. Cvt. 10⅛ 95	100	161	101½	−2⅛	−2⅛	10.03
Ralston Purina 11⅜ 95	150	108	108½	−1⅛	−2⅛	10.32
Ralston Purina 12⅜ 89	100	108⅝	109⅛	−0⅛	−1	6.78
Saskatchewan 10⅛ 92	100	104⅜	104⅞	−1½	−2⅛	9.72
Saskatchewan 11⅜ 89	100	†106½	107	−1½	−2	0.66
Statoil 10 90	170	101⅛	101⅝	−0⅞	−2⅜	9.55
S. Wales Trsy. 11¾ 90	150	108⅛	108⅝	−1½	−2½	9.78
Swed. Exp. Cred. 10 92	100	101⅝	102⅛	−0⅛	−1⅞	5.54
Sw. Ex. Cr. 12⅜ 89 XW	100	106⅝	107⅛	−0⅞	−2⅛	10.31
Sweden Kgdm. 10⅞ 90	200	104⅛	104⅝	−1⅛	−2⅛	9.52
Sweden Kgdm. 11½ 89	200	106⅛	106⅝	−0⅛	−1½	9.39
Sweden Kgdm. 11⅜ 94	100	108⅝	105⅛	−1	−1⅞	10.18
Tenneco Cpn. 10⅜ 95	150	102½	102⅞	−1½	−0⅛	10.32
Texaco Capital 10 95	300	*†86	89	+0⅛	+1	12.38
Utd. Tech. Fin. 10⅝ 95	100	102⅜	102⅞	−2⅞	−1⅛	10.15
Victorian Rep. 11⅝ 92	150	106⅝	107⅛	−1⅛	−2⅛	10.07
World Bank 10⅝ 95	300	101½	102⅛	−1⅛	−2⅞	9.75
World Bank 12⅞ 94	200	110⅝	116½	−0⅛	−1⅛	5.90
Average price changes...				On day −1	on week −1⅝	

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 0 94	200	†107	107½	−0⅛	+0⅛	6.85
Austria Republic 7⅜ 94	200	†104½	105	−0⅛	−0⅛	6.84
Baxter Travenol 7⅛ 94	200	†102	102½	0	+0⅛	6.87
Copenhagen 7⅜ 95	150	†101⅛	102	−0⅛	+0⅛	7.10
Credit National 8⅛ 94	200	†106⅝	107⅛	−0½	−0⅛	6.96
Dow Chemical 6⅞ 95	300	†101	101½	−0⅛	−0⅛	0.87
EIB 7⅛ 94	300	†104⅜	104⅝	+0⅛	+0⅛	5.57
EBCOM 8 92	150	†93⅜	94⅛	−0⅛	+0⅛	9.38
Ex.-Im. Bk. Korea 7⅜ 90	100	†100⅛	101	0	+0⅛	7.40
Ferrovie Dello St. 8 91	100	†105	105⅛	0	−0⅛	5.78
Finland Republic 7 92	200	†103	103½	+0⅛	+1⅛	6.33
Gould Int. Fin. 7⅝ 91	100	†105	105½	−0⅛	−0⅛	6.42
Ireland 8⅞ 92	150	†105½	106	+0⅛	+0⅞	6.96
Japan Fin. Con. 7⅝ 91	150	†101⅛	102	−2⅞	−2⅞	7.21
Mtsbshi. H. 3½ 89 WW	300	†160	160½	−5½	−6⅛	−11.06
Mtsbshi. H. 3½ 89 XW	300	†92½	93	−0⅛	−0⅜	0.04
Mtsbshi. M. 3½ 89 WW	100	†104⅛	104⅝	−0½	−0⅛	1.96
Mtsbshi. M. 3½ 89 XW	100	†91	91½	+0⅛	+1⅛	5.67
Quebec-Hydro 7⅜ 95	200	†103⅛	104⅛	+0⅞	+1⅛	6.54
Renfe 7⅛ 95	100	†103⅜	104⅛	0	+0⅛	7.14
Soc. C. Nuclear 7⅛ 95	150	†103⅛	104⅛	+2⅞	+2⅞	0.66
Soc. C. Nuclear 8 91	100	†105	105½	−0⅛	−0⅛	6.80
S. Africa Tran. 7⅝ 92	100	†92	92½	−0⅛	−0⅛	9.19
World Bank 7 95	600	†102½	103	−0⅛	−0⅛	8.59
Average price changes...				On day −0⅛	on week −0⅛	

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Avon Cap. Con. 5¾ 94	130	*†101⅛	101½	0	0	6.18
Br. Land Com. 0⅛ 99	75	*†105	105⅛	0	0	5.94
Council of Europe 8 92	120	*†102⅛	103½	0	+0⅛	6.39
Creditanstalt 5⅛ 94	100	*†100⅜	101	0	0	5.37
Deutsche Bk. 5⅞ 95	700	*†104⅜	105	−0⅛	−0⅛	4.70
EIB 5⅞ 94	120	*†107½	107⅞	0	+0⅛	6.49
Gen. Occidental 4½ 94	80	*†110⅛	110⅝	+1⅛	+0⅛	3.15
Glendale F. S&L 5⅞ 95	100	*†95	95½	0	6	5.62
Ind. F. Finland 5¾ 94	40	*†109	107⅛	+0⅛	+0⅛	8.44
Int. Am. Dv. Bk. 6⅛ 94	120	*†104⅛	104⅝	+0⅛	−0⅛	5.46
N. Zealand Steel 5⅞ 96	70	*†101⅛	101⅝	−0⅛	−0⅛	5.58
Oberos. Kftwk. 5⅜ 95	100	*†104	104⅛	+1⅛	+1⅛	4.90
Olivetti Intl. 5½ 95	100	*†101½	101⅞	+0½	+1⅛	5.17
Pepsico 6⅛ 95	130	*†104	104⅛	−1	−1	4.68
Ralston Purina 5⅞ 94	125	*†103⅛	104	+1	+1⅛	4.97
Santos Finance 6 94	130	*†100⅜	101	0	0	5.87
Tokyo Elec. Pr. 5½ 93	120	*†101⅜	101	+0⅛	+0⅛	5.00
Tokyo Metropolis 5⅛ 94	80	*†101⅜	101⅞	0	+0⅛	4.78
World Bank 5⅞ 94	150	*†104⅛	105⅛	−0⅛	+0⅛	5.13
Average price changes...				On day +0⅛	on week +0⅛	

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Caisse Nat. Tel. 6⅛ 92	25	97⅜	98⅛	−0⅛	−0⅛	6.64
Goodyear T. & R. 7⅛ 95	25	101½	101⅞	−0⅛	−0⅛	6.98
Mt. Bk. Denmark 7 92	10	100⅛	100⅝	−0⅛	−0⅛	6.87
New Brunswick 7⅛ 95	15	103⅛	103⅝	−0⅛	−0⅛	6.82
Swed. Exp. Cred. 0 90	14	73½	74	0	+0⅛	8.67
Average price changes...				On day −0⅛	on week −0⅛	

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Barclays Au. 12⅝ 90 A$	50	90⅝	91⅛	−0⅛	−0⅛	15.35
Creditanstalt 12⅞ 90 A$	50	95½	96⅛	0	−0⅛	14.17
Pepsico C. R. 13 90 A$	50	100⅜	101⅛	−3⅜	−3⅞	12.89
Swed. Ex. Cr. 13 88 A$	40	97⅜	98⅛	0	0	13.82
Amex 10⅜ 90 C$	50	102⅛	102⅝	0	−0⅛	10.03
Canad. Pac. 10⅛ 90 C$	75	99⅝	100⅛	−0½	−1	10.38
CIBC 10⅛ 90 C$	75	†98⅞	99⅜	+0½	−1⅛	10.97
Genstar Fin. 11¼ 95 C$	75	102⅝	103⅛	−0⅛	−2⅜	11.21
Montreal 11½ 95 C$	75	104⅝	105⅛	−0⅛	−0⅞	10.81
Sears Acc. 10⅛ 92 C$	75	†99½	100	+0⅛	−1⅛	10.66
Winnipeg C. 10⅛ 90 C$	60	103	103½	−0⅛	−0⅛	9.67
Chrysler F. F. 17 90 NZ$	65	96⅛	96⅝	−0⅛	+0⅛	17.73
KOP 16⅛ 91 NZ$	50	96⅜	97⅛	−0⅛	−0⅛	17.27
Kredtbk. Lux. 17 88 NZ$	70	99⅝	100⅛	−0⅛	−0⅛	16.84
Bayer Vrns. 8½ 88 Ecu	60	100⅝	101⅛	−0⅛	−0⅛	7.96
Chrysler F. C. 8 92 Ecu	75	97½	97⅞	+0½	−1	9.49
Xerox Can. 8½ 90 Ecu	40	98⅛	98⅝	−0⅛	−0½	8.90
Honda WW 3⅞ 90 Fl	100	105⅛	105⅝	−0⅛	−0½	2.47
Honda XW 3⅞ 90 Fl	100	90⅜	90⅞	−0⅛	−0⅛	8.54
Thyssen 7⅛ 90 Fl	50	103½	104	0	−0⅛	6.28
Wereldhave 7½ 90 Fl	75	102⅞	103⅜	+0⅛	+0⅛	8.67
Wessanen 6⅞ 90 Fl	80	101⅛	101⅝	+0⅛	−0⅛	6.36
Mobil Cpn. 11⅞ 90 FFr	500	103⅛	103⅝	+0⅛	+0⅛	10.12
Amev 11 93 £	50	94⅛	94⅝	−0⅛	−1⅞	12.21
Australia Com. 11 92 £	40	95⅞	99	−0⅛	−2⅛	11.98
EIB 11½ 93 £	60	95⅞	96⅜	+0⅛	−2⅛	11.95
GMAC UK F. 10⅜ 90 £	30	94⅞	94⅜	−0⅛	−2⅛	12.14
Imp. Ch. Ind. 11¼ 95 £	75	96	96½	−0⅛	−2⅛	11.91
Imp. Ch. Ind. 10⅜ 92 £	75	93⅞	94⅜	−0⅛	−2⅛	12.07
McDonalds 10⅞ 90 £	40	95⅝	96⅛	+0⅛	−2⅛	12.09
Mtsbshi. F. HK 11 90 £	50	95⅞	96⅜	−0⅛	−1½	12.15
NSW Treasy. 10⅛ 92 £	50	93⅜	93⅞	−0⅛	−1½	12.06
Privatbanken 11⅛ 92 £	20	99	99½	+1⅛	−1	12.02
Rank Xerox 11 92 £	40	95⅝	95⅞	−0⅛	−1⅛	12.08
Royal Ind. 10⅛ 92 £	50	93½	93⅞	−0⅞	−2½	12.23
Tricentrol XW 11 92 £	35	90⅛	90⅝	−0⅛	−2⅜	13.25
THF Forte 11⅛ 90 £	50	95⅝	96⅛	+0⅛	−1⅞	12.38
World Bank 11⅛ 95 £	100	97⅛	97⅝	−0⅛	−1⅛	11.70
COE 8⅞ 95 LFr	600	98⅜	98½	0	+0⅛	9.00
N. Lux Al. 10½ 92 LFr	600	103⅝	104⅛	+0⅛	+0⅛	8.71

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
Abbey Natnl. S 2000 £	0⅛	98.93	98.98	15/1	11⅛
B'America O/S 5⅛ 96	0⅛	99.76	99.96	30/3	8⅛
Bankers Trust S 2000	0⅛	99.71	99.81	11/3	6.31
BFCE 5½ 99	0⅛	100.06	100.16	13/3	8⅛
BNP 5⅛ 95	0.95	101.18	101.28	10/1	6.69
BNP 5⅛ 99	0⅛	100.29	100.39	22/3	8⅛
Britannia 5 93 £	0⅛	99.26	99.33	8/4	11⅛
CCF 6⅛ 97	0	99.44	99.54	5/3	8.06
Chase Man'tn 5⅛ 2009	0⅛	99.91	100.01	27/1	8.31
Citicorp 5 2035	0.225	99.23	99.33	11/4	8.23
Credit Lyonnais 5⅛ 96	0⅛	100.54	100.64	10/1	6⅛
Credit Lyonnais 5 2000	0⅛	100.18	100.23	8/7	7.94
EEC 5 90	0⅛	99.72	99.80	[illegible]	8.06
ENEL 5 2000	0⅛	99.96	100	1/3	8⅛
Ireland 5⅛ 97	0⅛	99.96	100.06	28/2	8.44
Lloyds Bank Perp	0⅛	100.19	100.29	9/0	8⅛
Mfrs. Hanover 5 97	0⅛	99.05	99.15	22/3	8.10
Midland Bk. Perp. 5	0⅛	100.13	100.22	19/6	8⅛
NatWest Perp. A 5⅛	§0⅛	100.17	100.26	9/7	8.31
NatWest Perp. B 5⅛	§0⅛	100.17	100.26	16/2	8⅛
R. Bk. Scotland 5 Perp	0⅛	100.04	100.14	11/6	8.44
R. Bk. Scot. 5⅛ 2005 £	0⅛	99.00	99.10	4/2	11⅛
Societe Generale 5⅛ 97	0⅛	100.16	100.25	18/3	8⅛
United Kingdom 5 92	0	99.95	100.03	7/7	8.06
Woolwich 5 95 £	0⅛	95.18	99.24	16/2	11.69
Average price changes...		On day −.01	on week −.04		

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Advantest 3⅛ 2000	10/84	7063	†92	94	−8	3.18
Ajinomoto 3 99	4/84	23.87	†113⅛	114⅛	+0⅛	20.97
Comcam 7 2000	12/85	7032	193⅛	195⅛	−2⅞	62.59
Fanuc 3⅛ 99	1/84	676	92	93	−1⅛	−0.91
Fuji Hvy. Indn. 3 2000	8/85	1320	97⅛	98⅛	−1⅛	13.07
Fujitsu 3 99	5/84	600	179⅛	181⅛	−1⅛	12.20
Kumagai Gumi 3⅛ 2000	3/85	1162	156⅛	157⅛	+0⅛	−1.08
Marui 3⅛ 99	7/84	1789	100⅛	101⅛	+1⅛	0.25
Mitsubishi Bank 2⅞ 00	8/85	422	102⅛	103⅛	0	−0.86
Mitsubishi Elec. 2⅞ 00	3/85	2396	113⅛	114⅛	−0⅛	19.22
Murata 3½ 2000	7/84	1295	117⅛	118⅛	−2½	40.70
Nippon Elec. 2⅞ 2000	1/85	923	110	111	−1	−0.19
Nippon Oil Co. 3 2000	5/85	805	100⅛	101⅛	−0⅛	1.91
OKI Elec. Ind. 3⅛ 99	10/84	812	157⅛	158⅛	−2	0.45
Sekisui House 3 99	6/84	2142	96⅛	97⅛	−0⅛	4.99
Sumitomo Bk. 2⅞ 2000	8/85	593	146⅛	147⅛	+0⅛	3.00
Sumitomo Cpn. 2⅞ 99	5/84	1078	†110	111	+0⅛	2.43
Taiyo Yuden 3⅛ 2000	3/85	1053	130	131	−3⅛	8.51
Tokyo S'ya El. 3⅛ 99	12/84	772	103	104⅛	−0⅛	9.25
Toshiba Cmcs. 3 2000	4/85	1734	58⅛	59⅛	−0⅛	13.10
Nippon Oil 2⅞ 92 SFr	6/84	1052	*†101½	102	+0⅞	18.65
Nippon Shn. 2 92 SFr	3/84	801	*†121	121½	+4	18.13
Asics 5 92 DM	12/83	520	108	109	+0½	16.02
Renown 3½ 90 DM	3/85	675	†103	104	−0⅛	−0.18
Sum Realty 6⅛ 92 DM	2/83	338	†354	358	−55½	−13.33

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

The prices over the past week were supplied by: Kredietbank NV; Credit Commercial de France; Credit Lyonnais; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Generale du Luxembourg SA; Banque Internationale Luxembourg; Kredietbank Luxembourg; Algemene Bank Nederland NV; Pierson, Heldring and Pierson; Credit Suisse/Swiss Credit Bank; Akroyd and Smithers; Bank of Tokyo International; Chemical Bank International; Chase Manhattan; Citicorp International Bank; Credit Commercial de France (Securities) London; Daiwa Europe NV; EBC Amro Bank; First Chicago; Goldman Sachs International Corporation; Hambros Bank; IBJ International; Kidder Peabody International; LTCB International; Merrill Lynch; Morgan Stanley International; Nikko Securities Co. (Europe); Nomura International; Orion Royal Bank; Robert Fleming and Co.; Samuel Montagu and Co.; Scandinavian Bank; Societe Generale Strauss Turnbull; Sumitomo Finance International; S. G. Warburg and Co.; Swiss Bank Corporation International; Wood Gundy.

Listed are the 200 latest international bonds for which there is an adequate secondary market.
Closing prices on January 13

MAI in £36m agreed bid for Wagon Finance

BY DAVID LASCELLES, BANKING CORRESPONDENT

MAI, the broking and media group, formerly known as Mills & Allen International, is making an agreed £35.5m bid for Wagon Finance Corporation, the Sheffield-based instalment credit finance company.

The acquisition reflects MAI's desire to strengthen its position in the personal financial services market.

The terms are five ordinary shares of MAI for every 12 Wagon shares, equivalent to 150p per share. Full acceptance will involve the issue of 8.9m new MAI shares. MAI shares closed last night et 346p, down 15p, while Wagon closed at 139p, after hitting 143p earlier in the day.

The MAI group already owns 9.7 per cent of Wagon Finance, and Hambros, its merchant bankers, another 3.9 per cent.

Wagon Finance will be making a preliminary announcement on its 1985 results with the formal offer document. These will show record profits at the trading level, but owing to the sharp increase in money costs, its results after interest and tax are expected to show little change from the previous year, when it earned £3.4m pre-tax.

The group has also written a record level of new business, which is incurring finance costs, but should benefit the group in future years.

MAI said it was confident that the dilution of its earnings per share would be insignificant, and that the benefits of the merger would be important.

MAI said it had identified instalment credit as "a key area in the development of the personal financial services market," which it wants to develop.

MAI is e major player in the international money and securities broking market. It also has an extensive UK insurance broking network through which it is getting into personal financial services.

In the year to June 30 1985, MAI earned £27.4m pre-tax, an increase of 36 per cent, e large proportion of which came from the US, where MAI is a broker in the bond and money markets.

Mr Joseph Chopping, executive chairman of Wagon, said the merger would strengthen the company's sources of funding and capital and "open up a greater pattern of growth."

Mr Clive Hollick, managing director of MAI, said there was a "tremendous opportunity to sell credit products to our customer base" in the insurance business. MAI would be investing new capital in Wagon, but the business would be developed at a sensible pace. Wagon will retain its trading name and separate identity.

Mr Chopping will joint MAI's board until his retirement at the end of this year when he will be succeeded by Mr Joseph Skelton. Mr Hollick, Mr Nicholas Cosh, a director of MAI and Mr John Bowmer, chief executive of MAI's personal financial services division, will join Wagon's board.

Anger as Burnett rescue agreed

BY MARTIN DICKSON

SHAREHOLDERS yesterday approved e financial rescue package for Burnett & Hallamshire, the coal and property group, but not before bitterly attacking its past management and questioning the reporting of Grant Thornton, its outgoing auditors.

The rescue package, which took nine months to negotiate with a group of 15 creditor banks, involves the conversion of £69m of debt to equity and could reduce existing shareholders' equity interests to between 13 and 24 per cent of the total. However, the board had made it clear thet the only alternative was receivership.

Some 200 shareholders spent more than an hour et an extraordinary general meeting in Sheffield questioning Mr Tom Carlile, who recently replaced Mr Eric Grayson as chairman as part of the rescue package.

The meeting strongly supported Mr Carlile, but shareholders roundly condemned what one described as the "incompetence" of previous boards which had led the company to "this absolnte shambles."

Last month Burnett disclosed rationalisation and write-off costs in the year to March 1985 of £116m, eliminating shareholders' funds and producing a £4.2m deficit of net assets.

Shareholders questioned the role of Grant Thornton (formerly Thornton Baker) in producing unqualified accounts for 1984. At the balance sheet date then, the company had £154m of borrowings, of which £83m were off balance sheet, though disclosed as contingent liabilities.

One shareholder demanded to know whether the firm would now like to have second thoughts about the figures for creditors given in the balance sheet, and would wish to qualify the accounts.

A representative of Grant Thornton said there had obviously been "significant circumstances" during 1985, which had been fully disclosed in a note to the accounts, and the comparative figures for 1984 had not been altered.

Grant Thornton yesterday stepped down as auditors, to be replaced by Price Waterhouse, which has carried out a review of the company's operations for the creditor banks.

Asked whether the banks might consider legal action against Grant Thornton, Mr Carlile said that if they elected to do so, that would be their decision.

Mr Nigel Swiffen, chairman of Burnett from 1976 to 1980 and still a shareholder, said it looked as if the company had been badly managed for the past five years and be urged the board to scrutinise all past deals and pursue litigation "wherever necessary."

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
George Blair§ .... int.	1.15	Jan 20	Nil	—	Nil
Burndene Invest	1.4¶	—	0.35	1.4	0.35
First Security .... int.	1.2	Feb 27	—	—	—
London Scottish	2.1	March 13	1.9	3	2.8
Ratners (Jewellers)† int.	0.75	March 7	0.67	—	2.5†
Turnbull Scott ...... int.	3	Jan 30	3	—	9

Dividends shown in pence per share except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡USM stock. § Unquoted stock. ¶ For 16 months.

No sense in GEC bid says Plessey

By Charles Batchelor

Plessey yesterday unveiled the details of its defence against the £1.2bn hostile takeover bid from General Electric, arguing that a company committed, like Plessey, to high technology, would be destroyed if it were absorbed by "a finance-driven conglomerate" such as GEC.

In a 30-page document sent to shareholders Plessey said that on the grounds of financial performance, industrial logic and management style the GEC bid did not make sense.

In contrast to the restrained tone of the GEC offer document Plessey took a forceful line, dismissing the bid as derisory and GEC's claims as unsupportable.

The assertion that a GEC takeover of Plessey would enhance Britain's prospects in telecommunications and electronics was ill-founded and based on logic that was misinformed, Plessey added.

Sir John Clark, Plessey chairman, said: "If you want to see this as a passionate plea for our independence, it is."

Lord Weinstock, GEC managing director commented: "I have seen the document and I don't recognise in it the Plessey I have known and loved for 30 years."

Plessey attacked GEC's financial performance, comparing an increase of 118 per cent in its own operating profit since 1979-1980 with a 53 per cent rise at GEC. Plessey's pre-tax profits rose at a compound annual rate of 22 per cent against Plessey's 12 per cent, it said.

Plessey reviewed GEC's recent acquisitions including Averys, the weighing machine group, bought in 1978, and Picker Corporation, the US high technology group acquired in 1981, and concluded GEC had failed to achieve most of its objectives.

Plessey said it had sufficient sales, volume and funds to develop the technologies needed for the future, including spending on System X, the public switching system it manufactures jointly with GEC, without GEC's help.

GEC's shareholders yesterday overwhelmingly approved their company's bid plans at an extraordinary meeting. However, Mr James Prior, chairman, was questioned on the likelihood of a takeover leading to job losses and the need for a share issue to fund the deal when GEC had recently been buying in its own shares.

Plessey's shares rose 2p yesterday to 174p while GEC was unchanged at 174p.

See Lex

Lisa Wood on Cadbury Schweppes proposed £82.5m disposals

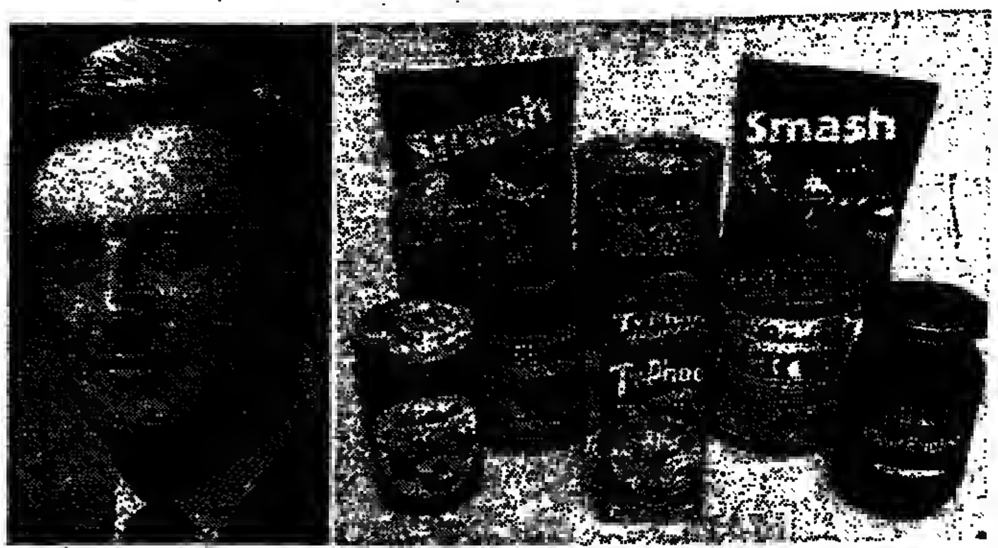
Time for a slim-line tonic

THE SUGGESTION that Cadbury Schweppes has been slow to grasp the corporate nettle and dispose earlier of businesses such as its food and beverages division angers Mr Dominic Cadbury, the group's chief executive.

The division is expected to be sold shortly in an £82.5m management buy-out.

"We are not stodgy. We are professional and thorough," said Mr Cadbury who took on tha job of chief executive in 1984 after being managing director of the group's UK confectionery business.

"We made it clear a year ago, in our annual report, what our objectives were—to concentrate on our mainstream businesses—and we have acted promptly to affect that strategy."



Mr Dominic Cadbury, chief executive of Cadbury Schweppes, and some of the group's products earmarked for disposal

There were some in the City yesterday who would dispute the speed of action at Cadbury, Britain's biggest confectionery manufacturer and second largest fizzy drinks producer.

Of even greater concern were problems in North America where the group revealed yesterday that it will make a loss in 1985 compared with a contribution of £37m to total group pre-tax profits of £124m in 1984.

"The group appears to have taken a long time to get to grips with problems in the US but they were not ones that could be solved overnight," said Mr Julian Lakin, of stockbrokers Scrimgeor, Kemp-Gee.

"The City's view also is that Cadbury Schweppes in the UK should have done something about the health and hygiene division in particular some time ago. Perhaps the problems of the beverage and food division were not so pressing."

The proposed management buy-out of the food and beverages division, with such well-known brand names as Typhoo tea and Kenco coffee, coupled with last month's disposal of the loss-making health and hygiene business, with its Jeyes brands, will, according to Mr Cadbury, give management that singleness of purpose needed for the group's confectionery and soft drinks activties.

"In the UK," he said, "the grocery and foods business and Jeyes have been the cause of a great deal of management attention and we have had to put e lot of time and effort into them."

Coupled with this was the group's strategy to concentrate on brands with international potential such as its Wispa bars and its Schweppes soft drinks.

"We could not see the international opportunity for our food and beverages brands which are mainly domestic brands," said Mr Cadbury.

He pointed out that the disposal of the hevy of brand names in the food and drinks division—in a market where strong brands have been strong takeover targets—was not an admission of defeat. "You have to set priorities and stick to them" he said.

Certainly the division has underperformed compared with the rest of the group with operating profits falling from a record £10.9m in 1980 to £9.3m in 1984. For 1985 they are expected to have been even lower. "The business requires single-minded concentration," said Mr Cadbury.

It is understood that some 50 per cent of the group's pre-tax profits came from the Typhoo tea brand which, according to City analysts, has found it difficult to make a successful transition from the loose packet market to the growing tea-bag market despite a succession of marketing endevours.

Mr David Lang, of stockbrokers Henderson Crosthwaite, said: "Typhoo is the number three or four brand in the grocery market which is polarising around own label and the major brand leaders such as Brooke Bond, now owned by Unilever."

Jams, he said, had fared similarly—Cadbury owning the Chivers Hartley brand—with a fierce price war dampening profit margins.

"The strength of Cadbury Schweppes," said Mr Lang, "is their confectionery and soft drinks businesses and low yielding divisions such as food and beverages were dissipating their strength. This was a problem given what is happening in the US."

The problems in the important North American market erupted in 1984 with Cadbury Schweppes offering food brokers considerable incentives to stock its confectionery products.

The result was a serious overstocking of products in a market with little increased consumer demand.

Production was cut, sales dropped and Cadbury announced a loss of £1.8m for the first half of 1985.

Mr Cadbury said that in 1985 a major restructuring of the US business was carried out and it was "very expensive." We have turned that business around now and 1986 will bring the results.

"Part of this reorganisation includes going direct to the consumer, rather than through food brokers, and streamlining several divisions into two."

There are still those who are sceptical of such optimism, pointing out that Cadbury has more deep-seated problems in the US where companies such as Hershey Foods Corporation and Mars take a giant slice of the confectionery market and outgun Cadbury's US distribution and production company, Peter Paul Cadbury, in marketing spend.

Scott's Restaurant buys Connaught Rooms

BY MICHAEL CASSELL, PROPERTY CORRESPONDENT

OWNERSHIP of the Connaught Rooms, one of London's biggest and best-known conference and banqueting centres, is changing hands in a £2.1m deal announced yesterday.

Connaught Restaurants, a private business owned by Mr Leopold Muller and Mr Leslie Jackson, is being bought by Scott's Restaurant of Mayfair, the publicly quoted restaurant operator.

Connaught operates three London restaurants, as well as the banqueting complex in Great Queen Street, on the edge of Covent Garden. Pre-tax profits in the financial year ending December 1984 reached just over £174,000.

The Connaught Rooms complex—often confused with the much more exclusive and expensive Connaught Hotel in Carlos Place—has for many years hosted some of London's largest banqueting occasions and the new owners say it will continue to do so.

Scott's own flagship is in Mount Street, Mayfair, a short distance from the luxury Connaught Hotel, and the group also operates several other central London restaurants and licensed premises, including Skeekeys, the famous West End restaurant frequented by the theatrical profession, and Drones, the fashionable eating house in Pont Street.

The new acquisition involves a cash payment of £1.67m and the balance will be met in shares, payable to Mr Jarkson. Shares in Scott's, which will also be repaying £2.8m in loans to Connaught Restaurants, have been temporarily suspended pending publication of a circular containing details of the purchase.

LADBROKE INDEX
1,103-1,107 (−13)
Based on FT Index
Tel: 01-427 4411

UK COMPANY NEWS

Guinness Peat sells most of its property division

BY MICHAEL CASSELL, PROPERTY CORRESPONDENT

Guinness Peat has agreed to sell, for £18m, most of its UK property development interests to a new company set up by the managing director of its property business.

In a deal which amounts to a mangement buy-out, the financial services group is to sell most of its existing property business to City Merchant Developers, promoted and controlled by Mr Martin Landau, until now the managing director of Guinness Peat Properties.

The Guinness Peat property arm was set up in 1980 under Mr Landau, a former director of Guinness Mahon, the group's merchant banking business. It has expanded rapidly and become increasingly active in the UK and the US.

Mr Alastair Morton, chief executive of Guinness Peat, said the sale would create a substantial, independent property development and investment group which could grow to achieve its full potential.

Guinness Peat Properties, he added, had reached a stage in its development where it accounted for an increasingly large proportion of the group balance sheet. A decision had to be taken on whether the group remained committed to an expanding property development and investment business or whether it confined its continuing property activities within its principal role as an investment banking business.

He emphasised: "We are not getting out of property and we have the opportunity to invest in the new company. We are stepping back as property developers and maintaining our profile as investment bankers, financing syndicating and participating in property developments."

There will be a limited and revolving commitment of group and bank funds to the property sector.

Guinness Peat is not selling any of its US property interests, where it has invested more than $20m in Connecticut, Washington, Florida, Atlanta and California. It intends to add to its North American portfolio.

The joint company established in the US with Travelers Insurance Corporation will continue, in association with Mr Landau's new company.

It is intended that the major part of City Merchant Developers' share capital of £11m will be subscribed by substantial investors and institutions, leaving the management with a minority stake in the company. Guinness Peat will have an option, likely to be taken up, to subscribe for a quarter of the ordinary share capital and for one-third of the £3m preference shares.

Bankers Trust, who have advised Mr Landau, have agreed to make available to the new company a mixture of term loans and guarantees amounting to £29m.

Wyndham bids £1.7m for Williams of Cardiff

By Richard Tomkins

Wyndham, the Cardiff engineering, property and financial services group, yesterday launched a £1.7m takeover bid for John Williams of Cardiff, the steel stockholder, processor, galvaniser and foundry operator.

Williams' shares closed 7p up at 27p after the announcement. Mr David Williams, the company's chairman, said he was waiting to see details of the bid and advised shareholders to take no action until they had heard from the Williams' board.

The terms of the offer are two Wyndham ordinary shares for every seven Williams ordinary. With Wyndham's shares unchanged yesterday at 87p, this values each Williams share at 24.86p.

Wyndham is also offering 350p cash for each Williams 5 per cent cumulative preference share of £10.

Wyndham says it holds 1.16m Williams shares and that irrevocable undertakings to accept the ordinary offer have been given in respect of a further 210,000, together representing 19.7 per cent of Williams' issued ordinary share capital.

In addition Gellaw Properties, a company controlled by two of Wyndham's directors, and two other Williams shareholders have indicated that they intend to accept the ordinary offer in respect of 1.02m shares, representing a further 14.6 per cent.

Williams incurred losses from 1981 to 1984 but turned in a pre-tax profit of £25,000 for the year to September 1985.

Wyndham also incurred losses in 1982 and 1983 but made pre-tax profits of £109,000 in the year to March 1985, against £47,000 the preceding year. The group said yesterday that the close commercial fit with William's foundry operations would produce significant benefits for the enlarged group.

Hillsdown offer goes unconditional

Hillsdown Holdings has declared unconditional its £17m offer for Pyke Holdings, the catering butcher, having gained control of just over 50 per cent of the company.

Acceptances have been received from holders of 44.84 per cent of the shares, which together with the shares already owned by Hillsdown take its stake to 50.11 per cent. A week ago the company was poised to gain control having received 44.18 per cent acceptances.

Glen International, the financial services company which owns 29 per cent of Pyke, confirmed yesterday that it had no intention of selling its stake.

Pyke shares closed at 410p, down 8p, compared to an equivalent value of the bid of 411p. Hillsdown's shares closed unchanged at 187p.

COMPANY NEWS IN BRIEF

RADIUS, USM-quoted computer systems and maintenance group has bought Geest Computer Services' distributive systems division for a net asset value estimated at £38,000. The division specialises in systems for the motor trade and will form a seventh Radius office in Peterborough.

MILLBANK TRUST'S offer for Towngrade Securities was accepted by holders of 1.03m shares (19.5 per cent). Before the offer, which is now closed, Millbank owned 3.75m Towngrade shares (70.7 per cent) giving it a present holding of 90.2 per cent.

LONDON SHOP Property Trust has bought four properties for £4.42m — a shopping precinct in Uttoxeter (£1.18m), a retail warehouse in Salisbury (£1.24m), a 125-year lease on nine shops in Newport (£1.63m) and six shops in Hartlepool (£375,000).

KEYWEST INVESTMENTS is to take over Brint Australia, a subsidiary of Brint Investments, for just under A$2.9m cash. Brint has made a A$3m investment in Keywest as a result of a placement. The acquisition will increase Keywest's investment in Minoil Securities from 11.8 per cent to 24.36 per cent.

AURORA has sold its subsidiary Edgar Allen Mining Products to Dengel and Barker (Holdings). £290,000 was paid to Aurora on account for the shares and the payment of intergroup indebtedness. The balance is payable on completion of the subsidiary's 1985 accounts.

GODFREY DAVIES Holdings has acquired two more residential parks for a total cost of just over £2m. It has purchased the Hoo Marina Park, near Rochester, Kent, and the Newport Park, near Exeter, Devon. These will add a further 476 homes to the group bringing the total to 3,300.

ELECO HOLDINGS has sold its Composite Structures subsidiary to its management. Manufacturing links with Eleco's factories will be maintained.

INTERNATIONAL INVESTMENT Trust Company of Jersey's rights issue was taken up in respect of 124,098 units (85.6 per cent). The balance has been sold in the market.

KUNICK-LEISURE Group has acquired 50 per cent of the Music Hire Group, an operator of about 5,000 amusement machines in the UK. The consideration is £700,000 which is equivalent to attributable net asset value. In the year ended September 1985 Music Hire achieved profits after tax of £150,000. Subject to the achievement by Music Hire of average profits before tax for the years ended September 1986 and 1987 of a minimum of £400,000, Kunick will acquire the balance of the shares.

MARSHALL'S UNIVERSAL, motor vehicles and paper distributor, is to hold a poll on plans to acquire Skelmersdale Packaging. The move was agreed on a show of hands at an EGM, but British Syphon Industries, which owns 25.6 per cent of Marshall, demanded the poll.

J. J. LLOYD managers have formed Lloyd International and, supported by leading UK institutional investors, have acquired J. J. Lloyd Instruments and Educational Measurements from private vendors.

BET has undertaken not to increase its holdings or interest in any class of SGB shares to more than 15 per cent during the period of the Monopolies Commission investigation.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: — Applied Holographics, Gnome Photographic Products, MS International, Park Food, Stead and Simpson, Westpool Investment Trust.

Finals: — Countryside Properties, Guinness, Howard Group, Uncroft Kilgour, London and Clydesdale, Sturge, Whitworth's Food.

FUTURE DATES

Interims:—	
Cantors	Jan 22
Celtic Haven	Jan 17
Gold Fields of South Africa	Feb 4
Gold Fields Property	Jan 15
Kewill Systems	Jan 29
Mid Wynd International Inv. Tst.	Feb 13
New Wits	Jan 15
Norbain Electronics	Jan 17
Smith (David S.)	Jan 20
Textured Jersey	Feb 3
Finals:—	
Beales (John)	Jan 23
FII	Jan 21
Heavitree Brewery	Jan 28
Hunterprint	Jan 15
TSL Thermal Syndicate	Jan 17
Union Carbide	Jan 22
Vogelstruisbult Metal	Jan 15

The Kingdom of Belgium

£100,000,000

Floating Rate Notes due 1994

In accordance with the provisions of the Notes, notice is hereby given that for the Interest Period from 10th January, 1986 to 10th April, 1986 the Notes will bear a Rate of Interest of 13% per annum. The Interest Amount payable on 10th April, 1986 will be £3,205.48 per £100,000 Note.

County Bank Limited
Agent Bank

NOTICE OF REDEMPTION

DuPont Canada Inc.

U.S. $65,000,000
13½% Debentures due 1991

NOTICE IS HEREBY GIVEN that DuPont Canada Inc. intends to redeem all of its outstanding 13½% Debentures due 1991 (the "Debentures") on February 15, 1986 (the "Redemption Date") at the redemption price of 102% of their principal amount (the "Redemption Price"). On February 15, 1986 the Redemption Price will become due and payable upon all Debentures. On and after the Redemption Date interest on the Debentures will cease to accrue. Coupons due February 15, 1986 or prior thereto should be detached and presented for payment in the usual manner.

The Redemption Price on the Debentures shall be payable upon presentation and surrender thereof with all unmatured coupons at any one of the following agencies:

THE ROYAL BANK AND TRUST COMPANY
68 William Street
New York, NY 10005

ORION ROYAL BANK LIMITED
1 London Wall
London EC2Y 5JX

BANQUE GENERALE DU LUXEMBOURG S.A.
14 Rue Aldringen
Luxembourg

BANQUE NATIONALE DE PARIS
16 Boulevard des Italiens
75450 Paris, France

DEUTSCHE BANK AKTIENGESELLSCHAFT
Grosse Gallusstrasse 10-14
6000 Frankfurt
West Germany

SOCIETE GENERALE DE BANQUE S.A.
3 Montagne du Parc
1000 Brussels
Belgium

UNION BANK OF SWITZERLAND
Bahnhofstrasse 45
8021 Zurich
Switzerland

Debentures should be surrendered with all coupons appertaining thereto maturing after the Redemption Date, failing which the face value of any missing unmatured coupon will be deducted from the sum due for payment. Any amount so deducted will be paid against surrender of the missing coupon within a period of 10 years from February 15, 1986.

For: DuPont Canada Inc.
By: The Royal Trust Company as Trustee

January 14, 1986

Perstorp

Notice of Annual General Meeting

The Shareholders of Perstorp AB are hereby invited to an Annual General Meeting to be held on Saturday, 1st February, 1986 at 10 a.m. at Persgården, Perstorp AB's employee centre in Perstorp, Sweden.

Agenda

1. Election of a Chairman to preside at the meeting.
2. Preparation and approval of a voting list.
3. Election of two people to approve the minutes.
4. Examination of whether the meeting has been properly convened.
5. Presentation of the Annual Report, the Auditors' Report, the Consolidated Accounts and the Auditors' Report on the Group.
6. Resolutions in respect of the following will be proposed:
   (a) the adoption of the Profit and Loss Statement, the Balance Sheet, the Consolidated Profit and Loss Statement and the Consolidated Balance Sheet;
   (b) the appropriation of the Company's profit according to the adopted Balance Sheet; and
   (c) the Directors' and the Managing Director's discharge from liability.
7. The proposal of the Board of Directors that it should be granted authority to issue up to 2,500,000 new free B-series shares ("New Shares"). Such authority would be valid until the date of the next Annual General Meeting of the Company. The Resolution will give the Board of Directors power to waive Shareholders' preferential subscription rights in respect of any issue of New Shares. It is intended that the purpose of any such issue of New Shares would be to finance acquisitions. The Board of Directors would be empowered to accept assets other than cash, or the set-off of claims against the Company as consideration for the issue of New Shares.
8. Approval of the Board of Directors' and the Auditors' fees.
9. Election of the Board of Directors, the Auditors and Deputy Auditors.

In order to take part in the Annual General Meeting, Shareholders must be registered in the Shareholders' Register maintained by the Swedish Securities Register Centre (Värdepapperscentralen VPC AB) not later than Wednesday, 22nd January, 1986. Shareholders who have placed their shares in trust must temporarily re-register the shares in their own names to allow them to participate in the meeting. Such re-registration must be made not later than Wednesday, 22nd January, 1986.

A Shareholder may attend and vote at the meeting in person or by proxy but in accordance with Swedish practice the Company does not send forms of proxy to its Shareholders. Shareholders wishing to vote by proxy should submit their own forms of proxy to the Company.

Notification of participation in the Annual General Meeting must be given to Perstorp AB no later than Wednesday, 29th January, 1986 at 3 p.m.:

by telephone, by calling (010) 46 435-38286 (direct line); or

by mail, addressed to Perstorp AB, S-284 80 Perstorp, Sweden.

The Company will confirm receipt of notice of participation by sending an admission card to be shown at the meeting. This confirmation will also include a detailed description of the most suitable route to Persgården.

The Board of Directors has decided to propose that the Record Date for dividend be Wednesday, 5th February, 1986. Should this be approved, it is anticipated that the dividend will be distributed by the Swedish Securities Register Centre on Wednesday, 12th February, 1986.

Perstorp, January 1986
The Board of Perstorp AB.

UK COMPANY NEWS

Loans growth lifts London Scottish

THE SECOND six months for the London Scottish Finance Corporation saw a significant growth in loan demand, improving income and a slowing-down in arrears.

In all, the Manchester-based financier which suffered difficulties during the opening half raised its profits for the full 1984-1985 year from £1.69m to a record £1.81m pre-tax.

A final dividend of 2.1p (1.9p) lifts the total from 2.8p to 3p net per 10p share. A one-for-four scrip issue is also proposed.

Mr Jack Livingstone, chairman, says that loan balances, which had stagnated with the onset of the miners' strike, have moved up sharply and profitability in the second six months improved by 13 per cent after higher interest gains.

Figures for the first few weeks of the current year have been very encouraging. The Christmas peak period saw a record loan demand.

Turnover for the past year (to October 29 1985) edged ahead from £13.2m to £13.39m. Figures for the second half were only slightly up on last year's and took no account of an extra week's income in the last 27-week trading period, equivalent to gross income of about £250,000.

Pre-tax profits were struck after deducting finance costs of £1.28m against a previous £1.06m.

Tax accounted for £483,450 (£457,540) to leave undiluted earnings at 7p (6.7p) per share—comparative figures covered a 53-week period.

The group has opened new branches in Dundee and Newcastle-under-Lyme and acquired £1.2m of debt during the year which helped to increase its customer base by some 6 per cent.

Robinson Way and Company, the specialist debt recovery subsidiary, has continued to expand with a "huge" increase in retail credit. The group's reinsurance subsidiary in Bermuda also traded well and there have been several interesting developments with the group's venture capital fund.

Pre-tax profits for the opening six months to April 30 last were little changed at £845,000 (£842,000). The figures reflected reduced income but a substantial recovery in bad debt as miners resumed payments.

● comment

Lending to the unbanked weekly paid is London Scottish Finance's speciality and if APRs of 60 to 85 per cent seem usurious by comparison with the terms offered by high street banks, the justification given is the high cost of putting such business on the books, organising payment collection and funding arrears. The pre-finance costs profit margin rose sharply, by over two full points to 23 per cent of turnover. Part of this rise is due to the post miners' strike recovery (total arrears were down for the first time since 1979) and part of the £2m or so increase in fixed term advances. Robinson Way, the debt collection subsidiary, has grown quickly to become the UK consumer credit field leader and is gaining from the boom in in-house credit cards issued by retailers. Analysts are looking for £2.25m pre-tax for 1985-86, which has the shares at 78p on a prospective p/e of 8.7 given a 25 per cent tax charge. However, most of the sector's 1985 recovery has to be in the share price already and the scope for upward movement therefore appears limited.

Trading in Ferguson expected to resume

By David Goodhart

TODAY'S EGM of James Ferguson Holdings is expected to back overwhelmingly plans to recommence share trading in the company next Monday. This follows a reverse takeover by Property Pension, the property company run by Ferguson's new chairman, Mr David Mitchell, and the chief executive, Mr Gary Cramer.

Mr Cramer said yesterday they would put nearly £2m into the company in the coming months and planned to start making acquisitions, especially in the textile and financial services diversions. There were immediate plans to open three new money shops in the north of England and to expand the textile business in Ayrshire.

Mr Mitchell said the existing management would stay, but financial control would now be centralised. He warned not to expect instant recovery. "This company was bleeding to death. There is a lot of work still to do," he said. Mr Mitchell holds about 36 per cent of the new combined company and Mr Cramer about 12 per cent.

See Men and Matters.

Macro 4 SE flotation gives value £22.6m

THE first computer company to be floated on the stock market in 1986 is Macro 4, a developer of systems software for IBM mainframe computers, which is coming to the market with a value of £22.6m.

The details of an offer for sale by J. Henry Schroder Wagg of 5.4m shares at 105p are published today. Of the shares being offered, 2.4m are being sold to finance a $4.6m acquisition of Macro 4 Inc, the company's US licensee, while the remaining 3m shares are being sold by existing shareholders.

Macro 4 started to develop its own systems software products 10 years ago. Since then it has expanded its product range and appointed licensees in America, Europe and in the Far East. The most important of these was Macro 4 Inc, which, following the offer for sale, will become an integrated part of the group.

In 1983 the company was bought out by its management from the founder, Mr W. S. Macmillan, who retains a 32 per cent stake.

Systems software forms a link between computer hardware and specific user programmes. Macro 4's products are all packaged — ie they are never tailor-made for the user and are sold worldwide. All are for use with mainframe computers, and cover the full IBM range.

Most of its products complement rather than compete with packages marketed by IBM. Its software is designed to involve a minimum of marketing and support, and is rented to customers on annual, renewable contracts, with rents payable every month in advance.

The company has seven major products each of which are sold to a wide range of industries, with the largest customer, British Telecom, accounting for less than 2 per cent of turnover.

More than half of the group's revenue comes from the US, with a further quarter from the UK. The balance is made up by royalties from licensing arrangements abroad.

During the last five years, turnover has risen steadily from £1.2m in 1981 to £5.2m in the year to June. After making small losses in 1981 and 1982, profits before tax reached £1.8m last year. This year the directors are forecasting profits of £2.3m, implying a price-earnings ratio of 16, based on a 39 per cent tax rate. The forecast yield is 1.36 per cent.

The application list opens on January 17, and dealings are expected to start on January 24. Brokers to the issue are Simon & Coates.

● comment

It is some time since the City has been asked to subscribe for computer shares on a price earnings multiple as high as 16. However, if investors can be persuaded not to lump all such stocks together into one vast accident-prone category, this one should get away nicely. Macro 4 operates in what appears to be a sheltered market, with customers more interested in quality than price. For as long as it can go on developing new products that will make IBM computers work better, there seems little reason to fear that Big Blue will suddenly decide to sweep it out of the market. Some further degree of security is afforded by the steadiness of its revenues—rents roll in monthly on contracts which automatically get renewed from one year to the next. The company should be able to grow both by introducing new products, and by increasing the penetration of its existing ones: its products are now used by under 10 per cent of the 30,000 IBM mainframes in place worldwide. Currency is a risk, however: some of the gloss will be taken off earnings growth should the dollar's fall continue—every 10 cent fall is estimated to slice £100,000 off pre-tax profits.

ConsGold offshoot sold to management

Consolidated Gold Fields has completed the sale of KDG Instruments, the instrumentation division of its Bath & Portland Group subsidiary, in an £11m management buy-out.

The buy-out has been organised by Citicorp Venture Capital, the venture capital arm of Citicorp Investment Bank, and is one of the first to use a £100m buy-out fund launched by the bank last October.

KDG, based in Crawley, specialises in flow, pressure and level measurement and had pre-tax profits of £1m on turnover of £12m in the year to June.

There are three institutional equity investors apart from Citicorp: CIN Industrial Investments, Preventure and F & C Enterprise Trust. The Bank of Scotland is providing debt finance.

Garment profits boost Burndene

A TENFOLD rise in profits at its nylon garment manufacturing division helped Burndene Investments produce substantially better results for the 16 months to September 28 1985.

Pre-tax profits were £756,000 after net interest of £364,000 and depreciation of £229,000, compared with £391,000 for the year to June 2 1984, when net interest was £231,000 and depreciation £175,000.

The first and final dividend declared was 1.4p, against 0.35p for the previous 12-month period. Earnings per share amounted to 7.37p, against 3.67p.

The company reports turnover of £16.87m, up from £11.41m in the previous period, and forecasts further improvements in its position in the current year provided that increased first-quarter sales are maintained.

It says sales in its caravan manufacturing and park operating division are about 20 per cent higher in the first quarter of the current year compared with 12 months ago, and it has increased its share of the market for static holiday caravans.

In the 16 months to September 28 1985 profit in the caravan division rose substantially to £687,000 (£458,000) on turnover of £11.86m (£7.75m).

The nylon garment manufacturing division staged a recovery, with profits up more than tenfold from £27,000 to £288,000.

George Blair doubles interim profits

PRE-TAX profits at George Blair, engineer and steel founder, more than doubled from £111,000 to £252,000 in the six months to September 28 1985. Interest charges, however, remained high, increasing from £122,000 to £178,000.

Turnover of this unquoted company—its shares are traded on the market made by Granvill & Co—rose from £7.35m to £8.89m, an increase of 21 per cent. Exports accounted for only 25 per cent of turnover compared with 36 per cent in the first half of the previous year.

Trading profits in the opening half advanced from £233,000 to £430,000.

The company is paying its first dividend since February 1980 when an interim of 2.2p was paid. The interim this time is 1.15p, and the board anticipates that the results for the second half will be able to support a final dividend without encroaching on the progress made over the last three years. The interim dividend absorbs £21,000.

Kier agrees to Beazer offer

THE BOARD of construction group French Kier yesterday unanimously recommended acceptance of last week's much improved offer from C. H. Beazer, the housebuilding group.

Although the price of the new offer—valuing Kier at over £140m—has never been a serious point of contention, the new joint management structure has been.

It now appears that a compromise has been worked out. The Beazer board, which has five executive directors and two non-executive directors, will be joined by four executive directors from French Kier.

Mr John Mott, the French Kier chairman, will not join the joint board. He had been offered the position of non-executive director which he said he could not accept. Following Beazer's refusal to improve the offer, Mr Mott will resign at the end of the month.

COMPANY NEWS IN BRIEF

EXPAMET INTERNATIONAL has contracted to purchase Mayor Turnstiles, a leading UK supplier of electro-mechanical turnstiles, from Almex Systems, for £600,000 in cash. Completion is scheduled for January 14. Unaudited management accounts for Mayor for 1985 show turnover at £1.2m, with pre-tax profits of £110,000.

BLUE ARROW has agreed to acquire Trevor Bass Associates for a total of £60,000 to be satisfied by the issue of 32,800 new shares in blue arrow. Trevor Bass Associates, a financial public relations consultancy has been particularly active in the growing USM. Mr Tony Berry, chairman of Blue Arrow, says this acquisition represents the first stage of the Company's planned expansion into the financial services field.

PARK PLACE Investments has reached conditional agreement to buy Edwards & Wytche Publications for £150,000, satisfied by issue of 70,755 Park Place shares. Edwards, distributor of professional and technical books made pre-tax profits of £14,000 in the year to the end of June 1985, on turnover of £452,000.

TRIPLEX, foundry, engineering and building components group has bought the assets and order book of Aygee Glass (Midlands) from the receiver of the Aygee Group for about £139,000. Aygee Glass, which will trade as Thermovitrine (Midlands), had pre-tax profits of £51,000 in the first ten months of 1985 on turnover of £1.7m.

KAKUZI, the Kenyan tea and coffee grower and cattle rancher, made pre-tax profits of Kenya £1.62m (£1.30m) on turnover of K£4.22m in the nine months to November 30, 1985. Tax amounted to K£673,187 and minorities were K£83,868, leaving attributable profits of K£864,199.

AUTOMOTIVE PRODUCTS has acquired the assets of J. B. Martin (Redruth), Cornwall's largest parts distributor, through its Autela division.

VICTAULIC COMPANY has acquired the TI Accles and Pollock Stainless Fittings division from the TI Group.

MOUNTLEIGH GROUP'S rights of nearly 2.92m shares has been taken up in respect of 94.67 per cent. The balance has been sold for the benefit of shareholders but no payment will be made for less than £2.

Turnbull Scott outcome relies on shipping

DESPITE a fall in pre-tax profits from £132,000 to £27,000 at the halfway stage, Turnbull Scott Holdings is cautiously optimistic that the full results will be higher than last year's £135,000. Directors of this Hampshire-based shipowner, engineering security and property group say that the outcome depends on shipping freight markets not deteriorating substantially in the last quarter of the year.

In the six months to the end of September 1985, turnover rose from £7.19m to £7.59m. From earnings per £1 share, pre-extraordinary items of 4p (12p) the interim payment is unchanged at 3p.

The shipping division made a trading loss, but following the sale of a ship this became a profit for the period.

The engineering division made a profit as did security. However, the fishing division was again in loss although less than the previous year and efforts are continuing to reduce uneconomic activities.

The property development is achieving anticipated results.

APPOINTMENTS

Reorganisation at Dee Corporation

THE DEE CORPORATION has made several board changes: Mr Kevin O'Keeffe will be responsible for business development in the US and will reside in New York, where a small office is being established. Mr Tony Butler will become Planning and business development director. He will retain the responsibility of finance director until the end of the company's financial year. Mr Alan Perelman has been appointed finance director designate. Mr Peter Stubbs, special projects director, will also become chairman of F. A. Wollworth in place of Mr O'Keeffe. Mr David Fisher, managing director of Carrefour, and Mr Peter Thistleton managing director of Gateway Foodmarkets, have been appointed to the Dee board.

*

Mr Peter Still, previously RAMTEK'S managing director, has been promoted to vice president of European operations. Mr Anthony R. Tuck is now European sales director and Mr Stephen C. Scorse European marketing director.

*

Mr James Milne has been appointed to the board of RUMMALL INVESTMENTS.

*

NEXT (previously J. Hepworth and Son) has appointed Mr Robert Cooper as group finance director. He joins the board from Kleinwort Benson where he was a corporate finance director.

*

Mr Roger Gifford and Mr Roberto Leiva have been appointed directors of ENSKILDA SECURITIES. Mr Gifford is responsible for marketing in Denmrak, Finland, Iceland and Norway. Mr Leiva is responsible for Euronote sales and trading.

*

Mr Brian H. Fidler has been appointed to the board of CHRISTIAN SALVESEN as group finance director.

*

Mr Jarek W. Bielous has been appointed managing director of CEMENTATION INTERNATIONAL ENGINEERING and of TH ENGINEERING SERVICES, both Trafalgar House Group companies. Mr Bielous remains director of engineering and technical services for Cementation International, the overseas building and civil engineering arm of the group.

*

KINGABY SIMMONS has appointed Mr J. A. Gill and Mr J. R. P. Holliday directors.

*

Mr Nicholas Brittain has been appointed chief accountant of BARCLAYS BANK from April. He is head of group finance, Legal and General Group.

*

Mr Malcolm Hepworth has been promoted to operations director of GATEWAY FOODMARKETS. Mr John Toal, who was operations director, has become special projects director.

*

GOTA (UK), London subsidiary of Götabanken of Sweden, has appointed Mr Rob Simons as manager of marketing and business development. He was manager, corporate banking services at the Trust Bank of Africa.

*

Mr R. X. Heslop, formerly with Time Life Books (Europe) and Wunderman International Direct Response, has been appointed to the board of KLUWER PUBLISHING as marketing director.

*

Chairman at Ofrex Group

Mr F. A. P. Hall has been appointed chairman and chief executive of OFREX GROUP HOLDINGS. He was previously Deputy chairman. Ofrex Group Holdings is a wholly-owned subsidiary of Gallaher.

*

Mr Miles Colebrook succeeds Mr Michael Cooper-Evans as managing director of JWT-LONDON. Also Mr Allen Thomas will add the title of deputy chairman to that of executive creative director. Mr Cooper-Evans will now devote more time to his role as deputy regional director, Europe, as well as becoming chairman of the JWT Group in the UK. Mr Jeremy Bullmore remains chairman of JWT-London.

*

Mr Sandy Scott, chairman of Woolward Royds in Edinburgh, has become chairman of ROYDS LONDON. Mr Derek Gorman, managing director in Edinburgh for the past two years, becomes chief executive in Scotland.

*

Mr Richard Meinertzhagen has been appointed a director of FEDERATED HOMES, main operating subsidiary of Federated Housing. Mr Meinertzhagen, who will be responsible for cost control in the building division, joined the company 18 months ago.

*

WESTINGHOUSE INTERNATIONAL has appointed at Ottermill Switchgear Mr A. J. Y. Payne as operations director (commercial) and Mr Z. Cetnarowicz as operations director (engineering).

*

Mr David Lyon has been appointed to the main board of CORTON BEACH with responsibility for the automotive interests. He was with the Dutton Forshaw Group as regional managing director. Mr Bernard Cunliffe has been appointed financial controller of the automotive division. He was with the Aughton Group in Liverpool.

*

BRADSTOCK, BLUNT (NORTHERN) has appointed Mr Timothy P. Culverhouse an associate director of the company.

*

CUTHBERT HEATH UNDERWRITING, formed on January 1 has appointed the following board: Mr David Coles, chairman and chief executive; Mr David Hazlewood, deputy chief executive; Mr John Adams, finance; Mr Tony Avery, aviation underwriter; Mr Harry Bristow, marine underwriter; Mr John Flisher, non-executive; Mr Rodney Lissenden, non-marine underwriter; Mr John Pryke, non-marine and credit underwriter; Mr Ian Sturrock, information and systems.

*

Mrs Diana Kanter has been appointed a director of BURSON-MARSTELLER FINANCIAL. Mr Tony Slaughter, formerly group corporate public relations manager for TSB Group, has joined Burson-Marsteller Financial as an associate director.

*

SIMON ENGINEERING has appointed Mr David W. Langhorn as president of its US subsidiaries, Simon-Johnson Inc and Henry Simon Inc, both in Kansas City, Kansas. He joined the UK parent company as an apprentice in 1961 and was vice-president and general manager of Henry Simon Inc.

*

Sir Kenneth Durham, who will be relinquishing his appointments with Unilever PLC and NV in May, has been appointed a non-executive director of MORGAN GRENFELL HOLDINGS.

*

Mr John S. Young has joined the board of CITY OF EDINBURGH LIFE ASSURANCE COMPANY. Formally chief executive of Stenhouse and Partners, Mr Young is chairman of Berkley Computer Services and a board member of Livingstone Development Corporation.

*

Mr Ray Dias has been appointed financial director and company secretary of SCANTRONIC HOLDINGS. He was a senior manager with Binder Hamlyn. Mr Gerry Landers has joined the boards of Scantronic and Scantronic Radio Systems. He was chief accountant.

*

The BENTLEY ENGINEERING COMPANY has appointed Dr Duncan Hine to the board as technical director. He was at PA Technology, where he was a senior consultant involved with designing and building a two-armed programmable robot, office machinery and other electro-mechanical systems.

*

Mr Ron Morgan has been appointed managing director of THE DOVER ENGINEERING WORKS, part of the Newman Industries Group.

*

Following the appointment of Mr John Hicks as group managing director of ACCESS SATELLITE INTERNATIONAL, the following board changes have been made: Mr Martin Wardman moves from chairman to deputy chairman. Mr John Garton moves from chief executive to chairman. Non-executive director Mr Richard Mark is leaving the board in order to concentrate on his role as a director of Carolina Bank. Mr Geoff Raine, president of Access' US operations, has been appointed to the board.

*

BUTTERWORTH LAW PUBLISHERS has appointed Mr David Fletcher, of David Fletcher Associates, to look after the company's interests in Scotland. He joins the board as a non-executive director.

*

New chief at Nixdorf

NIXDORF COMPUTER has appointed Mr Michael Hart as managing director. The company's previous managing director, Mr Herman Valk, has been promoted to become manager of Nixdorf AG's Northern European region. Mr Hart was manager of the finance division.

*

SALFORD ELECTRICAL INSTRUMENTS has appointed Mr Peter Hunter as commercial director. He joins SEI from OAK (Europe), where he had been manager responsible for European sales and marketing of Oak Component Group products since 1981.

*

Two appointments have been made by LIN PAC PLASTICS INTERNATIONAL. Mr Tony Heap has been appointed president of Lin Pac Plastics Inc, the company's American subsidiary. Mr Heap was managing director of Featherstone-based Lin Pac Plastics. Mr Heap's successor as managing director of Lin Pac Plastics is Mr Peter O'Shea. Mr O'Shea was production director of the Featherstone plant.

*

Mr M. Hassan and Mr G. L. Denbigh have joined the board of I. AND N. RABIN.

Midway profit return for Ratners

Ratners (Jewellers), with branches in the UK and the Netherlands, achieved a turnround from £560,000 losses to £155,000 pre-tax profits for the six months ended October 6 1985.

Mr Gerald Ratner, managing director and chief executive, says that with the substantial part of the group's trading taking place during the Christmas period, when, as expected, sales were buoyant, the directors are confident of a satisfactory outcome for the full year.

After tax of £65,000 (nil) at the halfway stage, earnings per share are shown as 0.27p (1.89p losses). The interim dividend is increased from 0.67p to 0.75p net—last year's total distribution was 2.5p paid from taxable profits of £2.14m (£1.07m).

Last September the directors said that after five months' trading the company was ahead, and that the branch opening programme was proceeding on target with 20 Terry's branches opening before Christmas. They added that the company was continuing to improve the efficiency of existing businesses and that they were seeking opportunities for the group's expansion and development.

Mr Ratner tells shareholders that plans to open 20 Terry's branches have largely been implemented on schedule. Prior to next Christmas directors, he says, propose to expand both the Terry's and Ratners chains with a further 40 openings planned.

Turnover, representing net sales to customers outside the group, expanded by over £5m to £16.41m (£11.32m). There was an extraordinary profit for the period of £83,000 (nil) on the sale of property, making an attributable balance of £173,000 (£560,000 loss).

● comment

It is quite an achievement for a jewellery company to make a profit during the slack first half, but Ratners has managed it, thanks to an inspired move down market from diamond solitaire rings to bugs fashionable earrings and plastic watches. The fashion end of the jewellery market seems to be growing much faster than the rest of the industry, and with margins also higher one might expect the competition to be close on Ratners' heels. In the meantime, however, Ratners has started to open new stores again after about seven years of stagnation, running its own physical expansion in double harness with that of Terry's, which has been multiplying busily ever since Ratners acquired it in 1984. This was the first testing Christmas season for Ratners' new formula, and it was a gratifying one with sales up by 40 per cent, well over the comfortable 25 per cent advance made during the first half. Profits of £4.2m this year seem within reach, which after a 39 per cent tax charge implies a p/e ratio of nearly 17 at yesterday's price of 119p, up 5p. The shares have doubled in the last year, but still have not quite got the measure of Ratners' growth potential. The company is expected to make more than £6m next year, which would reduce the p/e to less than 11.

First Security makes £0.5m in first half

First Security Group, maker of equipment for car safety, security and fire detection, had an encouraging start to 1985-86, according to Dr Fred Westlake, chairman.

In the six months to the end of October the Hampshire-based company reported pre-tax profits of £490,000 on turnover of £3.81m. "When viewed against the background of change associated with relocation and restructuring following the flotation, the outcome is encouraging," says Dr Westlake.

First Security acquired its trading operations during the period and the figures are prepared on a merger accounting basis. There are no comparative figures for the same period last year, although in the year to April 30 1985 the principal subsidiaries and certain other companies produced taxable profits of £786,000 on turnover of £6.25m.

The company came to the market in June, being floated off by a subsidiary of Midepsa International. From earnings per 10p share of 3.9p it is paying an interim dividend of 1.2p. When it came to the market a total payment of 3.5p was forecast.

Operating profit came out at £465,000 with net interest receiving adding £25,000.

● comment

First Security, spun off by Midepsa International last June, has yet to see its shares recover from being offered on an over-optimistic prospective p/e ratio of 16 times adjusted pro-forma earnings, and yesterday's figures provided little in the way of a tonic: the shares closed 4p up at 124p against the flotation price of 160p. The group remains heavily reliant on a handful of specialist products, in particular its car safety devices which account for about 50 per cent of profits and turnover. If the long hoped-for order from General Motors of the US should materialise, there could be a leap in this division's income, but its profits are highly geared to its narrow customer base and look vulnerable to cycles in the automotive industry. The security products carry higher margins but are in a competitive area, and growth will depend on the success of new products coming on stream. With a seasonal bias favouring the second half and some recovery from Guardian, the full year could bring in £1.4m, putting the shares on a prospective p/e ratio of 12 after a 37 per cent tax charge — a rating which appears to take a rosy view of the prospects.

Armour aims for dividend increase

WITH first-half profits up by 73 per cent and an encouraging outlook for the second six months, the directors of Armour Trust say they intend to recommend a substantial increase in the annual dividend.

Last year they lifted the payment from 0.182p to 0.202p from pre-tax profits of £420,000 (£321,000).

Sales of electronic components are satisfactory and the division is trading profitably. Opportunities for further profitable expansion in related activities are being investigated.

The first six months, to October 31 1985, saw group turnover rise from £4.66m to £5.3m and profits at the pre-tax level by £128,000 to £304,000.

In consumer products Carter Penguin had an excellent six months. The sector did not take in any contribution from Polco as the acquisition was not completed during the period. However, since its purchase the company's sales have comfortably exceeded budget.

Electronic components saw the benefit of a two months' contribution from Thorp Electronic Components and the directors are optimistic regarding expansion.

NEW LIFE BUSINESS

Commercial Union new life and pension business buoyant

A GOOD year for new life and pension business is reported by Commercial Union Assurance Company in its figures for 1985. New annual premiums worldwide fell in sterling terms from £65.8m to £64.3m, but in local currency terms were virtually unchanged overall. Single premiums rose from £106.1m to £156.2m, the underlying rise being around 50 per cent.

On its UK new business, a decline on traditional life business was more than offset by increases in pension and other life business, with new annual premiums up 4 per cent from £26.3m to £27.4m and single premiums more than doubling from £22.8m to £52.5m.

CU's mortgage related business hit a sticky patch last year, declining from £4.1m to £2.6m. However, its unit linked annual premium life business advanced from £2.1m to £3.1m, while its important term assurance business saw annual premiums unchanged at £5m.

Pension business was bouyant last year with new annual premiums on self-employed pensions almost doubling from £2.3m to £4.3m, while annual premiums on executive pensions rose by a quarter from £1.5m to £1.9m. Other pension business rose marginally from £7.8m to £8.3m.

The rise in single premium business came entirely from sales of linked investment bonds which more than tripled last year from £13m to £45m.

Linked bonds boost UKP

THE ENTRY last November in the unit linked market enabled United Kingdom Provident to show a record leval of single premium business in 1985 of £189.2m against £113.1m in 1984, thanks to sales of linked bonds amounting to £103m.

Annual premium business in contrast declined 5 per cent from £28.5m to £27m.

The other success story for the company related to its pension business, where all sectors showed good growth.

New anual premiums on self-employed pensions rose over 40 per cent from £3.8m to £5.5m, while single premioms advanced nearly 50 per cent from £11m to £16.1m.

Executive pension business saw new annual premiums rise from £5.6m to £7.8m and single premiums from £5.8m to £8.9m.

Group pensions business saw annual premiume up from £5.1m to £6m, but single premiums declined by nearly a fifth from £43.1m to £35.5m.

Total premiums received on the pensions managed fund nearly tripled from £5.7m to £14.7m.

The company's ordinary life business was hit severely last year, with new annual premiums being almost halved from £14m to £7.7m. The company did well in the days ahead of the 1984 Budget which ended Life Assurance Premium Relief (LAPR).

Total funds under management topped the £1.5bn mark during the year.

Scot Equitable premiums rise

A highly successful year for new life and pension business is reported by Scottish Equitable Life Assurance Society. New annual premiums climbed by a quarter to £34.4m, while single premiums soared from £36.8m to £186.3m as a result of its full entry into the unit linked market. Sales of its new Unit Linked Performance Bond, launched in September, amounted to a record £130m.

The Society had a good year in the individual pensions market. New annual premiums on self-employed pensions more than doubled from £6.7m to £14.2m, with single premiums on this pensions business also doubling from £7.9m to £15.8m.

TECHNOLOGY

Peter Marsh examines the implications of developments in embryology

Researchers reach fertile ground

DEVELOPMENTS IN the research aspects of embryology are likely to have a big impact in two superficially unrelated areas, treatment of infertile couples and the genetic enhancement of cattle through novel breeding techniques.

In vitro fertilisation of human eggs has in recent years become a growth area. Since 1978 some 2,500 babies around the world have been born by such techniques, with the private bealth-care industry keen to spot openings in starting up in vitro fertilisation clinics.

In Britain, most of the 800 or so babies born by this route have evolved as o result of private medical treatment. Couples are charged anywhere from about £1,000 upwards depending on the difficulty of the sequence of operations in which ripe eggs ara removed from the woman and fertilised, followed by transplant of the resulting embryo into the womb.

In the US, where a few hundred babies have resulted from vitro fertilisation, clinics financed by venture-capital companies are opening up in cities such as New York, Boston, Reno and Honolulu expressly to treat couples using the technique.

In animal breeding, the financial pay-off of work in embryology could be extremely high, particularly in developing nations. Last yaar, an estimated 100,000 animals, virtually, all cattle and half of them in the US, received embryo transplants ot an average cost of about £300 o treatment.

In almost all these cases, the eggs are fertilised by artificial insemination whila they are still in the womb and not by in vitro methods.

The resulting embryos are removed from tha womb when a week old and transplanted into surrogate mothers, which then have a normal pregnancy.

The goal is to transfer into one animal an embryo that will grow into a creature with superior genetic characteristics.

For instance, by this technique low-valne cattle normally bred for their meat can, through the role of a surrogate, give birth to cow of the milk-producing quality of a prize Devonshire Friesan.

Crucially, the calves have the resistance to disease not of thelr real mothers but of the ones in whose wombs they have been residing.

In this way, an animal with the genetic qualities of o European strain of cattle can be produced with an inbuilt resistance to the conditions of, say, a country in the Third World.

Animal researchers may soon borrow methods from physicians working on human patients. They are likely to turn to in vitro techniques to increase greatly the rate at which they can propagate selected genetic traits in animals.

The researchers are working on new forms of drug and hormone treatments with which they can multiply the number of eggs that a female animal produces from its ovaries.

With current hormone methods (routinely administered both to cattle involved in embryo transfers and to women as part of in vitro treatment) the ovaries are artificially stimulated to produce perhaps eight ripened eggs at a time instead of the normal one or two.

Unconstrained by the ethical problems about treating humans, animal researchers are testing drugs which can cause the ovaries of cattle to release as many as 1,000 eggs, all of them ripe and ready for fertilisation.

International Embryos of Banbury, near Oxford, is one of a small number of companies experimenting with biological methods to optimise animal breeding.

Mr Mike Leyburn, the company's chairman, predicts that within three years scientists will routinely stimulate the ovaries of animals to produce massive numbers of eggs.

They will collect the eggs through surgical methods similar to those performed on women undergoing treatment for in vitro fertilisation (see panel), before fertilising the eggs in a laboratory and transplanting tha resulting embryos into perhaps several hundred different surrogate animals.

In this way, according to Mr Leyburn, a cow's productive output (in terms of offspring) could be increased enormously. Whereas the one million or so eggs in a cow's ovaries normally lead to no more than a few calves during the mother's lifetime, this could be increased to several thousand through in vitro methods.

At the sama time, by optimising the number of eggs "harvested" from an individual cow, the cost of producing on: young animal by embryo transfer could be reduced to about £50 a transplant.

International Embryos has worked with animal scientists in several developing countries such as the Philippines, Egypt and China. It is also discussing with India's National Dairy Development Board embryo-transfer techniques to improve the genetic characteristics of the country's 185m cattle and 68m buffalo.

SCIENTISTS working on human fertility problems are excited by the potential of in vitro techniques to improve the lot of infertile couples.

In Britain some quarter of a million women could be helped by such methods, according to estimates.

Dr Steve Hillier, a senior lecturer at Edinburgh University's Department of Obstetrics and Gynaecology, says that rather than look to new technological breakthroughs, hospitals practising in vitro methods should improve management techniques. In this way, they should be able to reduce costs and increase the numbers who could benefit from treatment.

The future for in vitro fertilisation in Britain is in some doubt. It is available only on a limited scale through the National Health Service. Although a Government-appointed committee chaired by Dame Mary Warnock concluded 18 months ago that the technique was an acceptable way to treat infertility, the Department of Health and Social Security has yet to announce plans to introduce legislation on the subject.

Meanwhile, a private member's bill to protect the rights of embryos, from Mr Kenneth Hargreaves, the Conservative MP for Hyndburn, could if enacted curtail work in in vitro fertilisation. The bill is due to have a second reading in parliament next week.

Leading centres in Britain practising in vitro fertilisation includes private hospitals such as Bourn Hall Clinic near Cambridge and the Wellington and Cromwell hospitals (both in London), with Hammersmith Hospital, also in London.

In in vitro techniques, eggs collected from a woman are fertilised in dishes in a laboratory. The embryos are implanted in the womb, normally when about two days old.

Even if a doctor can remove eggs satisfactorily, the woman has on average only about o 1 in 10 chance of producing a healthy baby—although this ratio can improve to 1 in 4 in the most experienced centres.

One of the 2,500 test-tube babies born since 1978

Innovation is the casualty as history repeats itself

Professional Personal Computing

BY ALAN CANE

THERE ARE those who bold that IBM both liberated and smothered the nascent computer industry with the launch, about 20 years ago, of its System/360 mainframe family.

Liberation came from the establishment of a hardware standard on which other manufacturers of both hardware and software could build, knowing there would be a sure market for their products.

The price paid, however, was in technological innovation. System/360 was limited in many ways; it was a child of the technology of the day. Nevertheless, all IBM computers and IBM compatible computers since have bad to run on System/360's rails.

There has been significant innovation in mainframe design since System/360—Burroughs' multiprocessor architecture and ICL's 2900 serles are good examples. But IBM's marketing muscle has relegated them to the sidelines of commercial computing.

Now it looks as if history is repeating itself, this time in microcomputers. The best evidence of this was tha launch, in tha US last month and in the UK last week, of the first business personal computer from Sony, the Japanese electronics group.

Sony claims it is "a major evolutionary development in the personal computar market." At the London launcb, Mr Alan West, Sony manager for business computers, said: "Wa have produced a personal computer that takes up a quarter of the desk space of an IBM PC, into which Sony has condensed more functional design, usable features and innovative technology than most manufacturers are able to put into twice the space."

To be fair, the Sony machina is nicely designed, a small and neat machine with a desk top "footprint" a little over 1 ft square, weighing 13 lb and offering 640,000 bytes of fast memory.

It can be supplied either with a 25-line by 80-column liquid crystal display screen or a 10 ins Trinitron colour monitor.

But the innovation, lt has to be said, amounts to little more than fine tuning. Sony argues that it began to work on its personai computer two years ago at a time when lt was becoming clear that IBM bad established the standard for professional personal computers. Its design work has therefore, had to be carried out within the straitjacket of IBM compatability.

It is interesting to see what this has meant for a company like Sony with technological and marketing achievements like the Trinitron colour television and the Walkman personal stereo system to its credit.

The new machine offers twin 3.5 ins flexible disk drives. Sony developed this size of drive and perfected the mechanism but it has already sold them to other personal computer manufacturers, Hewlett Packard in particular, and they are no longer novelties.

Tha large liquid crystal display screen is essential for trua IBM compatibility (the IBM PC monitor offers 80 columns by 25 lines) but other manufacturers already offer this.

Grid of the US offers both a flat liquid crystal screen and a high quality electroluminescent display for its machines. At £2,295, with colour monitor, it costs more than the £2,195 Sony is asking for the liquid crystal display version of its machine.

The Sony is a connectable machine—there are standard RS232 serial and Centronics parallel ports, a disk drive interface, a Microsoft mouse port and an IBM-compatible expansion bus.

There is also an on-board 300-baud modem and outlet for a direct telephone connection. In the UK, this is still awaiting British Telecom approval.

But then even the humble BBC Micro has almost as many ports and expansion facilities.

Sony makes much of the small size and weight of the machine coupled with the fact that it is mains, rather than battery, powered.

It is therefore not a true portable although it can easily be slipped into a desk drawer.

The conclusion is that Sony is trying to break into a difficult, highly competitive, marketplace with a machine which is innovatory only in the fine detail and that the constraints of IBM compatibility have made this inevitable.

Does Sony need to offer a personal computer? Only in the sense thot it aims to be a major office automotion company and the cornerstone of the electronic office is the executive workstation — for which read personal computer.

Sony is, however, taking a realistic view of its chances in personal computers. It aims in its first year to take about 1 per cent of the UK market compared with about 40 per cent at present for IBM and 17 per cent for Apricot.

But just as the establishment of System/360 opened tbe doors to a flood of innovatory software, so the establishment of the IBM PC as the standard has made possible the development of a mass of software guaranteed a ready market.

Marketing, rather than innovatory design, will determine the success of the Sony PC. Software, rather than hardware, will determine the level of innovation in the professional PC business.

Emergency chute launched

A NEW emergency chute for offices, workshops and hospitals could help people flee fires and bomb scares.

The chute, built from glass-reinforced plastic, is supported on a steel frame. It is tailor-made for specific buildings.

The devices are sold by Davenport Engineering of Bradford, West Yorkshire, which has several years' experience in making similar chutes for water slides and swimming pools.

The top of the device is normally protected by doors on an upper storey. The bottom is contained in a building on the ground fitted with standard fire-exit doors that open in an emergency.

At the first sign of trouble, the building's occupants hurl themselves out of the upper storey and slide down the chute.

New device to monitor airflow

KONTRON ELECTRONICS, based in St. Albans, Hertfordshire, has announced a family of sensors to monitor air flow in industrial equipment such as air conditioning, ventilation and exhaust systems.

In the devices, air entering an inlet cools an electrically-heated element. Once the air flow stops, the temperature of the element quickly increases, triggering an electrical signal which can, for instance, trigger an alarm.

The sensors can be incorporated in a variety of systems in which undetected breaks in air flow, perhaps due to mechanical faults, could lead to mishaps or even disasters. For instance, the device could feature in environmental control systems for computer equipment or in hospitals.

FT COMMERCIAL LAW REPORTS

Court sets aside writ served on Swedish camera manufacturer

CAMERA CARE LTD v AKTIEBOLAG AND ANOTHER

Court of Appeal (Lord Justice Fex and Sir Roger Ormrod): December 19 1985

A EUROPEAN court decision that goods manufactured in an EEC country were deliberately withheld from a particular UK retailer contrary to EEC law is not in itself evidence that any tort was committed in the UK so as to justify service of a writ on the manufacturer out of the jurisdiction. Also, irregularities in the service of proceedings out of the jurisdiction will be cured by the court only in exceptional cases.

The Court of *Appeal* so held when allowing an appeal by the defendant, Victor Hasselblad Aktiebolag, Swedish manufacturer of Hasselblad cameras, from Sir Neil Lawson's decision to permit the plaintiff, Camera Care Ltd, retailer of cameras in the UK to serve proceedings out of the jurisdiction.

Order 2 rule 1 ef the Rules of the Supreme Court (RSC) provides: "(1) Where in beginning . . . any proceedings . . . there has . . . been a failure to comply with the requirements of these rules . . . the failure shall be treated as an irregularity and shall not nullify the proceedings . . . (2) . . . the court may . . . set aside either wholly or in part the proceedings in which the failure occurred . . . or exercise its powers . . . to allow . . . amendments."

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LORD JUSTICE FOX said that between 1975 and 1978 the retailer was supplied with Hasselblad cameras by the Swedish manufacturer's sole UK distributor, under a dealership agreement.

In 1978 the distributor terminated the agreement. The retailer complained te the European Commissien that the manufacturer and distributer were in breach ef articles 85 and 86 of the Treaty of the European Economic Community [which prohibited concerted practices preventing competitien and abuse of dominant positien].

As a result of the alleged breaches, it was complained, the retailer was nnable to find a regular source of supply of Hasselblad cameras and products.

In December 1981 the Commission decided that the manufacturer and distributor had infringed article 85. They were fined. The distributor appealed and the European Court held it had participated in a concerted practice, the aim of which was to prevent imports into the UK of Hasselblad cameras intended for the retailer.

On February 13 1984 the retailer applied to Master Hodgson for leave to serve a writ on the manufacturer out of the jurisdiction.

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The Master granted leave to serve a concurrent writ. At the time of his order there was ne original writ in existence. A statement in the retailer's affidavit that a writ had already been issued against the distributor was wrong.

After the Master's order, the retailer issued an original writ endorsed "issued pursuant to the order of Master Hodgson dated February 13." It was not authorised to issue an original writ, but a concurrent writ.

On July 27 the writ was served on the distributor, and on July 30 a photocopy was served on the manufacturer in Sweden.

There were, therefore, several irregularities in the retailer's process.

On a summons by the manufacturer en March 7 1985 Master Grant set aside the writ and service and Master Hodgson's order.

On June 13 Sir Neil Lawson allowed the retailer's appeal from that decision. He held that all the irregularities could be cured under RSC Order 2 Rule 1. The manufacturers appealed.

The first question was whether it was a proper case for service out of the jurisdiction et all. The retailer relied on RSC Order 11 rule 1(1)(b), namely, that the action was founded on a tort "committed within the *jurisdiction*."

Under erder 11 rule 4 (2) the court was precluded from granting leave to serve a writ eut of the jurisdictien "unless it is made sufficiently to appear to the court that the case was a proper one for service ont of the jurisdiction under this order."

The retailer must therefore establish by its evidence a good arguable case that there was "a tort committed within the jurisdiction."

Its evidence did not do that. It did not indicate what act or acts within the jurisdiction were relied on te establish the alleged tort. Its affidavit stated that the claim was "principally fer the tort of infringing articles 85 and 86 . . . also for conspiracy to injure, interfering with the plaintiff's business, and breach of the statutory duty under the Resale Prices Act 1976 and Restrictive Trade Practices Act 1976 . . ."

That did not specify any act within the jurisdiction which would constitute a tort. It did not identify any act within the jurisdiction at all.

The fact that in the European proceedings there was feund to be a concerted practice between the manufacturer and distributor did not *of itself* indicate a tort in the UK. All the relevant acts could have been done in Sweden. Nor was there evidence of an act which might constitute a breach of the Restrictive Trade Practices Act or the Resale Prices Act.

The result was that the retailer had not demonstrated that it was a proper case for service out of the jurisdiction. The appeal succeeded on that ground alone.

Even if it were established to be a proper case for service out of the jurisdiction, the judge was not justified in his conclusion that the defects in the process were curable under order 2 rule 1.

Those provisions were a necessary part of the machinery *of* litigation because errors were easily made and should not in general be allowed to affect the substance of the dispute.

The present matter, however, was not an ordinary case, because it was concerned with service out of the jurisdiction and because of the nature and extent of the errors made and the impact of the Limitation Act.

The appeal should be allowed.

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SIR ROGER ORMROD, agreeing, said that the judge misdirected himself on an important point. He was referred to *Leal* [1984] *1 WLR 874* but distinguished it on the ground that it was concerned only with an application to renew the validity ef a writ. He held it had no application to the present case.

On the contrary, it was also concerned with the exercise of the discretion under order 2 rule 1 to validate the purported and irregular service of process out ef the jurisdiction. It was therefore directly relevant.

The authorities, taken as a whole, showed that order 2 rule 1 should be applied liberally in order, so far as was reasonable and proper, to prevent injustice being caused to one party by mindless adherence to technicalities in the rules of procedure.

Leal was an illustration of a situation in which the court would adopt a less liberal attitude, namely, where service out of the jurisdiction had been effected irregularly.

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At page 885 Lord Justice Slade said: "Only in the exceptional case should the court . . . validate after the event the purported service in a foreign country without leave . . ."

That statement was accepted. In *Leal* no attempt was made to obtain leave to serve out whereas in the present ease leave was obtained, but in an irregular manner. However, service of process out of the jurisdiction was an unusual assertion of an extra-territorial jurisdiction which could have international repercussions and so was earefully controlled by the Rules ef Court.

It was consequently very important to ensure compliance with the rules. Irregularities should be cured only in exceptienal cases.

It would not be a proper exercise of the discretion to put right egregious mistakes so as to bring a foreign party before the court and, incidentally but net insignificantly, to deprive him of a limitation defence.

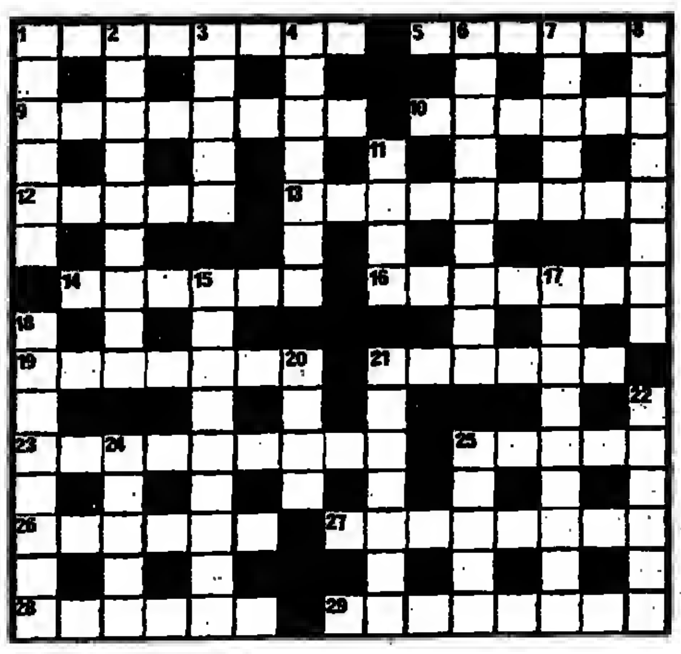
For the manufacturers: Christopher Bellamy (Ashurst Morris Crisp and Co.).

For the retailer: S. J. Burnton QC and Richard Behar (Pollard Scott Winter).

By Rachel Davies
Barrister

THESE REPORTS will be published in velume form with the full texts of jndgments. For details contact Kluwer Law Publishing, Africa House, 68 Kingsway, London WC2B 6BD. Phone 01-831 0391.

F.T. CROSSWORD PUZZLE No. 5,921



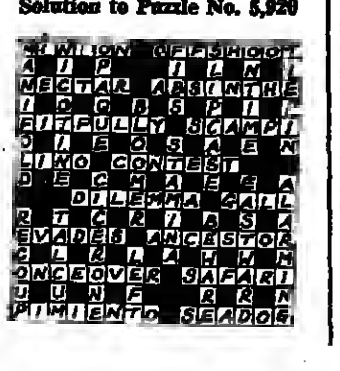
ACROSS

1 Tea with fine china is delightful (8)
5 Corrects a conclusion in writing (8)
9 Order alteration in grey coat (8)
10 Issue Oriental blend (8)
12 Instruments of love in high erders (5)
13 Short and in character (9)
14 Stand in fer the rehearsal or run (6)
16 It's true I will appear in the screen version (7)
19 An empty form of recompense (7)
21 Radio reception problem which never goes away (6)
23 Advice to a vintner near Manchester? (9)
25 Turn a lock fer concealment (5)
26 Naked convict in the pool (6)
27 He can have a startling effect en publie opinion (8)
28 It's any arrangement that makes good sense (6)
29 Objects when the claret is shaken up (8)

DOWN

1 Grubby residence (6)
2 A choice literary gathering (9)
3 Wise man of a smug disposition (5)
4 Tell of Scottish isle rising against the heartless (7)
6 Notes — possibly Roman made (9)
7 The new man *or* woman (5)
8 Gives some support for regular girlfriends (8)
11 Rings about turning up for work (4)
15 Adds to the rash of escapes? (6, 3)
17 Idolater I replace as leader (9)
18 Their acts are well known (8)
20 It's wrong to raise the pace (4)
21 He makes payment for various letters (7)
22 Ray's footwear? (8)
24 Magazine or manual holder (5)
25 Some microscopic or giant breed of dog (5)

Solution to Puzzle No. 5,920



CONTRACTS

Babcock conveyors for Ford US plant

A $9m (£6.2m) contract has been awarded by Ford Motor Company U.S. te **ACCO BABCOCK INC.**, North American subsidiary of Babcock International, for 28 automatic guided vehicles (AGVs) and a power and free conveyor system. The equipment will be used te receive, assemble and distribute engines at the Louisville, Kentucky, plant, which houses Ford's sole North American heavy-duty truck operatien. The contract covers three installations: an AGV system receives incoming engines, and delivers them en a just-in-time basis to a power and free conveyor system, on which the engines are assembled. A second AGV system receives the engines from the power and free conveyor, and distributes them to the final assembly lines. The AGVs, which can carry a 6,600 lb load, have been designed by Babcock Fata, a UK subsidiary. First phase is scheduled for start-up in May, with total system completion in July.

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TEMPERATURE, a member of the Norcros Group, has three contracts, together worth £5m. Largest is to supply GKN Defence Operations with air filtration units for MCV80 armeured personnel carriers to be used by the British Army. Anether order is for roof mounted air conditioning units to be installed in railway carriages built by Metro-Cammen for Hong Kong's Kowloon-Canton Railway. The third erder is for refurbishment of Woolworth House, London, with Versatemp air conditioning units.

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SOFTWARE SCIENCES, a Thorn EMI Information Technology company, has received orders worth over £1.5m from five City merchant banks for the COLT (Continnous On-Line Trading) computer system. It has been developed to support market-making activities under the new-style Stock Market coming with the "deregulation" of the UK securities market. Initial installations are for Barclays de Zoete Wedd, the County Securities (NatWest), Cazenove & Co., James Capel and Kleinwort Grieveson. COLT will provide up-to-the-minute information on all securities and related instruments in which a trader makes a market, including positions, profit/loss, en-hand orders, etc. It also provides links to existing Stock Exchange and other information services.

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WILLIAM WEAVER, Bromsgrove, has been awarded a design and build contract worth just over £1m for a computer eentre alongside the Severn-Trent Water Authority's Derwent divisional headquarters at Raynesway, near Derby. The contract includes an electrical sub-station, provision of car parking and landscaping. Weaver will adopt "fast track" werking to complete the job in 32 weeks.

However, this still compares favourably with the five year plan target of 360m for 1985.

Rapid growth, particularly in industry, revealed underlying serious problems which the seventh five year plan, starting in 1986 but so far unpnblished, is expected to tackle.

Energy and transport shortages caused severe bottlenecks, and preliminary proposals for the next plan include these as priorities.

Inflation and over-speedy construction, caused last year by freeing prices and allowing factory managers to make decisions, are to be controlled by temporarily ending price changes and attaching tighter conditions to bank borrowing.

Chinese bank officials claimed in December that the outrush of foreign exchange had been stemmed, and that reserves, standing at $10.8bn (£7.7bn) at the end of June, had risen to $12.6bn by end-September.

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William Low, Dundee-based supermarket multiple, has placed an order worth almost £1.5m with ICL, to develop information systems alongside its store expansion programme. The new hardware, which will replace existing ICL equipment, comprises three Series 39, Level 30 computers, 50 DRS (Distributed Resource System) microcomputer terminals and two DRS 8801 word processing systems. The first of the three computers will be installed in March for development work. The second and third, for database applications, are due for shipment to Low's later in the year.

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Hydraulic fire pump systems are to be supplied by **WEIR PUMPS** of Glasgow to the North Sea Tern platform of Shell Esso. Three units, incorporating centrifugal fire pumps, screw pumps and motors, diesel engines and auxiliaries, have been ordered by Shell Expro under a contract valued at over £1m. Although the technology of screw pumps and motors is well-established, particularly in cargo oil tankers, Weir believes its system, first installed in 1984 on the Morecambe Bay platform of British Gas, is the only one at present to use them in an offshore firefighting role. The basis of the system is a submersible fire pump driven by a hydraulic screw motor which is supplied with hydraulic power by a diesel-engine-driven screw pump on the platform. The submersible pump raises water from the sea to a booster pump which is also driven by the diesel engine.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

[illegible]

CONTINUED OVERLEAF

AUTHORISED UNIT TRUSTS & INSURANCES

Oppenheimer Fund Mngt Ltd
66 Cannon St, London EC4N 6AE — Dlg. 01-236 3885

International Growth	120.9	129.5xd	-0.2	1.00
Income & Growth	45.8	48.7	+0.4	2.90
Special Situations	67.0	71.7xd	+0.5	2.10
American Growth	28.9	30.8	+0.1	3.10
Japan Growth	34.4	36.6	+0.1	0.00
European Growth	32.9	34.9		2.90
UK Growth	44.3	47.4xd	+0.1	1.30
Pacific Growth	33.6	35.9xd	+0.3	0.70
High Income	29.3	31.4xd	+0.1	6.10
Practical Income Units	44.1	47.0	-0.1	2.70
Practical Accum. Units	79.2	84.4	-0.2	2.20

Pearl Trust Managers Ltd (a)(g)
252 High Holborn, WC1V 7EB — 01-405 8441

Pearl Growth Fd.	71.3	75.8	+0.2	2.78
Accum Units	105.4	113.1	+0.3	2.78
Pearl Inc	96.6	102.8	+0.2	4.84
Pearl Unit Tst.	102.4	108.9xd	+0.2	3.83
(Accum. Units)	175.4	186.4	+0.3	3.83
Pearl Intl Equity	101.7	108.2	+1.0	1.85
(Accum Units)	101.7	108.2	+1.0	1.85

Perpetual Unit Trust Mngmt. (a)
48 Hart Street, Henley on Thames — 0491 576868

International Growth	215.1	230.8	+0.8	1.41
Income	154.6	165.6	+0.7	5.30
Worldwide Recovery	121.6	130.5	+0.5	2.13
American Growth	58.2	62.5	+0.7	1.09
Intl. Emerging Cos.	65.3	70.1	+0.7	0.73
Far East Growth Fd.	51.7	55.5	+0.3	1.16

Prolific Unit Trusts
222 Bishopsgate, London EC2 — 01-247 7544/7

Prolific American Inc	49.1	52.8	+0.2	4.67
Prolific Far East	112.3	120.7	-0.9	0.33
Prolific Extra Inc.	66.4	71.4xd	+0.2	5.67
Prolific C'vert. & Gilt	81.0	87.1	-0.5	7.25
Prolific High Inc	142.0	152.7	+1.0	4.88
Prolific Intl.	89.3	96.0	+0.5	1.87
Prolific N. Amer	120.0	129.0	+0.9	2.03
Prolific Spec. Sits	152.9	164.4xd	+1.5	1.32
Prolific Technology	103.5	111.3xd	+1.4	0.61

Providence Capitol Fd. Mgrs. Ltd
30 Uxbridge Road, London W12 8PG — 01-749 9111

Japan Inc.	55.1	58.4	+0.7	0.00
Japan Acc	55.2	58.5	+0.6	0.00
Worldwide Inc.	57.5	60.9	+0.1	1.41
Worldwide Acc.	58.0	61.4		1.41
European Tst Inc.	70.7	74.9	-0.1	0.70
European Tst Acc.	71.0	75.2		0.70
North American Inc	50.4	53.4	+0.6	1.80
North American Acc.	50.4	53.4	+0.6	1.80
UK Equity Inc	54.9	58.1xd	+0.3	2.78
UK Equity Acc.	56.1	59.4	+0.2	2.78

Provident Mutual Unit Trust Managers Ltd.
25-31 Moorgate, London, EC2R 6BA. — 01-588 3963

PM Equity Growth	46.8	50.1	+0.3	2.48
PM Income and Growth	46.2	49.4	+0.1	5.57

Prudential Unit Trust Mngrs Ltd (a) (b) (c)
51-69 Ilford Hill, Ilford, Essex IG1 2DL — 01-478 3377

Holborn Comm Trust		50.0		1.25
Holborn Equity Tst.	340.9	367.0	-0.1	5.60
Holborn European Trust	65.9	70.1	+0.2	0.59
Holborn Gilt Tst.	154.8	162.0	-0.2	6.88
Holborn High Inc	55.4	58.9xd	-0.2	7.20
Holborn Intl Growth	75.2	80.0xd	+0.5	0.85
Holborn Japanese Trust	57.8	61.4	+0.3	0.05
Holborn N. Amer. Trust	56.1	59.6	+0.9	1.44
Holborn Spec Sits	50.0	53.1	+0.4	3.03
Holborn UK Growth	67.8	72.1	-0.1	3.42

Quilter Management Co Ltd
31-45 Gresham Street, London EC2 — 01-600 4177

Quadrant Gen Fd	352.9	375.5	-4.5	3.50
Quadrant Income	190.9	203.1	-3.5	5.23
Quadrant Intl Fund	327.8	345.1	-5.9	1.37
Quadrant Spec. Sits	215.1	228.9	-1.9	3.25

Reed Stenhouse Inv Services Ltd
145 Borough High St, London SE1 1NV — 01-628 6011

Wellington Inc	56.2	58.7xd		6.90
Wellington Growth	118.8	126.4		2.72

Reliance Unit Mgrs. Ltd
Reliance House, Tunbridge Wells, Kent — 0892 22271

British Life	141.7	152.4	+1.1	3.71
Reliance Unit Tst (Inc)	91.3	97.6	+1.0	3.20
Reliance Ut Tst (Acc)	119.8	128.0	+1.3	3.20

Ridgefield Management Ltd
35 Fountain St, Manchester M2 2AF — 061-236 5685

Income UT	99.3	106.2xd	+1.0	6.26
International UT	226.5	242.5xd	+2.1	1.00

N.M. Rothschild Asset Management
St Swithin's Lane, London EC4 — 01-280 5456

NC America (Inc)	235.7	250.7	+3.1	1.92
NC America (Acc)	253.6	269.7	+3.4	1.92
NC Engy Res Tst.	151.5	161.5	+1.5	2.95
NC Inc Fd	73.2	77.8	+0.3	4.83
NC Japan Fd.	121.3	129.0	+0.8	0.45
NC Smllr Australasian	49.7	52.8	+0.3	0.10
NC Smaller Cos	114.6	121.9	+0.9	3.02
NC Smaller European	132.4	140.8	-0.1	0.94
NC Ex Gilt Tst Jan 2	118.0	123.0		7.13
NC American Prop*	11.57	12.18xd		—
NC Prop.*	186.5	196.3		—

*Unauthorised Unit Trusts

Rowan Unit Trust Mngt. (a)
1 Finsbury Ave, London EC2M 2PA — 01-606 1066

American Jan 9	202.5	206.5		2.75
Securities Jan 7	594.0	609.0		3.04
High Yield Jan 10	130.0	133.5xd		6.67
Merlin Jan 0	297.5	305.5		1.93
Fixed Interest Jan 15	153.0	154.0	-0.5	2.79
High Interest Jan 13	113.5	114.5	-0.5	13.33
Far East Jan 7	136.0	139.5		0.30

Royal Life Fd. Mgmt. Ltd
New Hall Place, Liverpool L69 3HS — 051-227 4422

Stewart Ivory Unit Trust Mgrs Ltd (a)
45 Charlotte Sq, Edinburgh — 031-226 3271

American Fund	190.8	203.2	+2.6	2.36
(Accum. Units)	212.3	220.2	+2.9	2.36
(Withdrawal Units)	138.1	141.1	+1.9	2.39
Australian Fund	111.3	118.5	+1.2	0.98
(Accum. Units)	112.5	119.8	+1.2	0.98
British Fund	479.2	510.4	+5.0	4.59
(Accum. Units)	637.8	679.3	+6.6	4.59
European Fund	226.6	241.3	+0.9	1.01
(Accum. Units)	238.6	254.1	+1.0	1.01
Japan Fund	210.5	224.2	+1.5	0.37
(Accum. Units)	211.1	224.9	+1.5	0.37
Swiss PPP	145.2	152.7		—

Sun Alliance Fund Management Ltd
Sun Alliance House, Horsham — 0403 56293

Equity Tst.	330.4	352.0	-0.3	2.52
North America	50.5	51.7	+0.5	1.86
Far East	54.7	58.1	+0.6	0.94

Sun Life Trust Mngmt. Ltd
107 Cheapside, London EC2V 6DU — 01-606 6010

American Growth Acc.	25.0	26.6xd	-0.4	1.9
American Income Acc.	25.4	27.0xd	+0.4	4.6
American Income Inc.	25.1	26.7xd	+0.4	4.7
European Growth Acc.	40.5	43.1	-0.1	2.0
Far East Growth Acc.	28.8	30.6	+0.4	0.8
Int. Growth Acc.	27.6	29.4	+0.2	0.9
Japan Growth Acc.	34.4	36.6xd	+0.3	0.3
UK Growth Acc.	29.3	31.2xd	+0.3	2.4
UK Income Acc.	26.7	28.4xd	+0.1	4.4
UK Income Inc.	26.0	27.7xd	—	4.5
Managed Growth Acc.	31.9	31.9		2.2
Managed High Yield Inc.	32.7	34.8		4.8
Managed Income Inc.	27.4	29.2	+0.1	4.3

Swiss Life Pen. Tst. Man. Co Ltd (a)(c)
99-101 London Rd, Sevenoaks — 0732 450161

Equity Ord.*	239.5	253.4		5.78
Equity Acc.*	288.1	305.0	—	5.78
Fixed Int. Ord.†	115.1	119.2		11.35
Fixed Int. Acc.†	168.9	175.0		11.35

*Prices on Jan 8. Next dealing Feb 12
†Prices on Jan 2. Next dealing Feb 5

TSB Unit Trusts (b) (c) (y)
PO Box 3, Keens House, Andover, Hants SP10 1PG
0264 62188 — Dealings to 0264 63432-5

TSB American	98.2	104.5	+1.4	1.32
Do. Accum	102.2	108.8	+1.4	1.32
TSB Extra Income	90.2	96.0	+0.6	5.96
Do. Accum	103.7	110.4	+0.6	5.96
TSB General	133.9	142.5xd	+0.2	3.10
Do. Accum	211.7	231.7	+0.3	3.10
TSB Gilt & Fxd Int	45.0	47.8	-0.2	9.30
Do. Accum	57.5	59.9	-0.3	9.30
TSB Income	177.4	188.8xd	+0.9	4.82
Do. Accum	272.2	289.6	+1.3	4.82
TSB Pacific	111.1	118.2	+1.1	0.56
Do. Accum	113.9	121.2	+1.1	0.56
TSB International	250.9	267.0	+1.5	1.86
Do. Accum	308.0	327.7	+1.8	1.86
TSB Natural Resources	43.8	46.6	+0.8	2.12
Do. Accum	44.6	47.5	+0.8	2.12
TSB Special Opps.	49.5	52.7	+0.3	2.19
Do. Accum	53.8	57.3	+0.3	2.19

3i Unit Trust Managers Ltd
2 St Mary Axe, London EC3A 8BP — 01-928 3356

Small Co's Fund	66.1	70.3	+1.0	0.1

Target Trust Mngrs. Ltd (a)(g)
Target Hse, Gatehouse Rd, Aylesbury Bucks — (0296) 5941

American Eagle	68.6	73.4xd	+1.0	0.47
Australia	25.3	27.0	-0.5	0.10
Commodity	75.2	80.9xd	+0.7	2.18
Energy	37.1	35.7xd	+0.3	1.37
Equity	101.4	115.2xd		3.17
European Spec. Sits.	75.7	80.9	-0.5	0.30
Extra Income	99.2	106.3	+1.3	6.50
Financial	219.3	231.9	+0.2	2.13
Gilt Income	96.0	100.6		8.88
Gold Income	58.0	62.0	+1.6	2.00
Gold Acc.	105.6	112.9	+2.9	2.00
Income	66.6	71.2xd	-0.2	5.41
Japan	52.6	55.9	+0.5	0.10
Malaysia & Singapore	18.6	19.8	-0.4	1.41
Pacific Income	64.0	68.3		0.10
Pacific Re Inv	78.7	83.9	+0.1	0.10
Preference Share	16.5	17.8xd		5.97
Special Sits	75.0	80.1	-0.8	1.01
Technology	42.5	45.4	+0.6	0.10
UK Capital	52.6	56.3	+0.1	2.36
World Income Fund	46.0	49.0	+0.7	7.72
Worldwide Capital	115.9	123.7xd	+0.1	2.03
Equity Exempt Jan 10	66.5	71.1		2.16
Equity Ex Acc Jan 10	124.6	133.2		2.16

Touche, Remnant Unit Trust Mngt Ltd
Mermaid Hse, 2 Puddle Dock, EC4 — 01-248 1250

TR American Growth	31.5	33.9	+0.2	0.85
TR General Growth	43.2	46.5xd	+0.2	3.02
TR Global Tech	33.7	36.3	+0.4	0.1
TR Income Growth	49.6	53.4xd	+0.2	5.33
TR Income Monthly	40.9	43.7	+0.2	7.33
TR Japan Growth	25.5	27.2	+0.1	0.18
TR Overseas Growth	35.5	38.1	+0.1	1.51
TR Smaller Cos.	48.6	52.0	+0.4	1.97
TR Special Ops	50.9	54.5	+0.4	1.88

Trades Union Unit Trust Managers
100 Wood Street, London EC2 — 01-628 8011

TUUT Jan 1	145.0	153.5		3.73

Transatlantic and Gen. Secs. (c) (y)
91-99 New London Rd, Chelmsford — 0245-51651

Calnyco Jan 10	378.6	395.5		4.40
(Accum Units)	617.6	645.1		4.40
Fledgling Fd Jan 9	209.1	220.2		3.50
(Accum. Units)	229.0	241.1		3.50
Fledgling Inc Jan 9	142.6	150.3		5.40
Fleming Amer&Gen Jan 9	212.8	224.0		1.36
(Accum. Units)	239.3	251.3		1.36
S&W American Dec 31	138.3	145.4		1.46
Smlr Secs Dec 31	101.4	106.8		0.74

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INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
The Charities Deposit Fund 77 London Wall, London EC2N 1DB 01-588 1815				
Deposit	11.20			3-Mth
The Money Market Trust 63 Qn Victoria St, EC4N 4ST. 01-236 0952				
Call Fnd	11.22	8.38	12.24	Auth
7-day Fnd	11.20	8.37	12.22	Auth
Oppenheimer Money Management Ltd 66 Cannon St, EC4N 6AE 01-236 1425				
Call Fnd	10.56	8.12	11.03	6-Mth
7-day Fund	11.13	8.33	12.14	6-Mth
Dollar	7.00	—	—	6-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc 22 Charlotte Sq Edinburgh, EH2 4DF 031-225 8484				
Full Service Chq Acc	11.50	8.50	12.53	Qtr
Aitken Hume 30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc	11.00	8.22	12.11	Qtr
Mth. Int. Chq	11.000	8.22	12.18	Mth
Allied Arab Bank Ltd 97-101 Cannon St, London, EC4N 5AD 01-283 9111				
HIBCA	13.00	9.72	14.53	Mth
Bank of Scotland 38 Threadneedle St, EC2P 2EH. 01-628 8060				
Money Mkt Cheque Acc	12.15	9.08	13.53	Mth
Barclays Prime Account PO Box 125, Northampton 0604 252891				
High Int. Cheque	12.25	9.125	13.69	Qtr
Britannia Investment Services Ltd. 74-78 Finsbury Pavement, EC2A 1JD. 01-588 2777				
Cater Allen	11.75	8.78	13.06	Mth
Charterhouse Japhet plc 1 Paternoster Row, EC4M 7DH. 01-248 3999				
Sterling	11.13	8.32	12.34	Mth
U.S. Dollar	7.25	7.25	7.50	Mth
German Mark	4.25	4.25	4.33	Mth
Swiss francs	1.50	1.50	1.51	Mth
Japanese Yen	5.00	5.00	5.12	Mth
Citibank Savings St Martins Hse, Hammersmith Grove 01-748 9251				
Money Market Plus		9.21	13.57	Mth
Co-operative Bank Cheque & Save 78-80 Cornhill EC3 01-626 6543.				
£500-£2,500	9.50	7.10	10.41	Qtr
£2,500 +	12.06	9.02	13.33	Qtr
Dartington & Co Ltd Dartington, Totnes, Devon TQ9 6JE. 0803 862271				
Money Mkt Acc	12.50	9.34	13.03	Qtr
Edward Manson & Co Ltd 9 Henrietta Place W1M 9AG 01-631 3313				
Cheque Deposit Acc	12.50	9.34	13.93	Mth
Henderson/Bank of Scotland 38 Threadneedle St EC2P 2EH 01-628 8060				
Money Mkt. Cheque Acc.	12.15	9.08	13.53	Mth
Legal & General (Money Mngrs) Ltd 355 Euston Road, NW1 3AG 01-388 3211				
High Int Dep Acc	11.64	8.70	12.70	6-Mth
Lloyds Bank PLC 71 Lombard St. London, EC3P 3BS. 01-626 1500				
HighIntCheque Account	11.75	9.00	13.30	Qtr
Lombard North Central PLC 17 Bruton St, W1A 3DH. 01-409 3434				
14-Day Notice	11.500	8.596	12.280	—
M & B/Kleinwort Benson 91-99 New London Rd, Chelmsford. 0245 51651				
H.I.C.A.	12.00	8.97	13.37	Daily
Midland Bank plc PO Box 2, Sheffield. 0742 20999 Ext 8655				
High Int Chq Acc	11.71	8.75	12.92	Qtr
£10,000 +	12.04	9.00	13.30	Qtr
Oppenheimer Money Mgment Ltd 66, Cannon St, EC4N 6AE. 01-236 1425				
Money Mngt. Acct.	10.875	8.13	11.97	3-Mth
Phillips & Drew Trust Ltd 120 Moorgate, London EC2M 6XP 01-628 9771				
High Int Chq Acc	11.375	8.50	12.54	Qtr
Provincial Trust 30 Ashley Rd, Altrincham, Cheshire 061-928 9011				
High Int Chq Acc	12.50	9.34	13.93	Mth
Royal Bank of Scotland plc 24 Lombard St, London EC3V 9BA 031 557 0201				
Premium Account	11.0	8.22	12.11	Qtr
Save & Prosper/Robert Fleming 28 Western Rd, Romford RM1 3LB. 0708 66966				
H.I.B.A.	11.25	8.40	12.51	Daily
Tyndall & Co 29-33 Princess Victoria St, Bristol. 0272 732241				
Demand Acc	12.25	9.14	13.46	Qtr
Money Acc	12.04	9.00	13.29	Qtr
J. Henry Schroder Wagg & Co Ltd Enterprise House, Portsmouth 0705 827733				
Special Acc	10.75	8.04	11.91	Mth
Over £10,000	11.0	8.22	12.20	Mth
Western Trust & Savings Limited The Moneycentre, Plymouth PL 1SE 0752 24141				
High Int Chq Acc	12.50	9.67	13.81	Qtr

NOTES—Gross: rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ‡ Suspended. ◆ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ◆ Yield column shows annualised rates of NAV increase. xd ex dividend.

OPTIONS

3-month call rates

Industrials	4	Marks & Spencer	15
Allied-Lyons	28	Midland Bk	35
BAT	26	NEI	10
BOC Grp	27	Nat West Bk	55
BSR	8	P & O Dfd	35
BTR	33	Plessey	14
Babcock	15	Polly Peck	21
Barclays	33	Racal Elect	15
Beecham	30	RHM	12
Blue Circle	50	Rank Org Ord	35
Boots	15	Reed Intnl	40
Bowaters	38	Sears	11
Brit Aerospace	32	TI	35
Brit. Telecom	17	Tesco	24
Brown (J.)	3½	Thorn EMI	34
Burton Ord	45	Trust Houses	12
Cadburys	13	Turner Newall	9½
Charter Cons	15	Unilever	90
Comm Union	23	Vickers	35
Courtaulds	13	**Property**	
Distillers	36	Brit Land	14
FNFC	12	Land Secs	26
Gen Accident	55	MEPC	26
Gen Electric	14	Peachey	24
Glaxo	80	Samuel Props	15
Grand Met.	30	**Oils**	
GUS 'A'	70	Brit. Oil & Min	3½
Guardian	60	Brit Petroleum	45
GKN	20	Burmah Oil	27
Hanson Tst.	18	Charterhall	4
Hawker Sidd	36	Premier	5
ICI	42	Shell	55
'Imps'	16	Tricentrol	18
Jaguar	27	Ultramar	28
Ladbroke	27	**Mines**	
Legal & Gen	60	Cons Gold	40
Lex Service	24	Lonrho	12
Lloyds Bank	35	Rio T Zinc	50
Lucas Inds	38		

A selection of Options traded is given on the London Stock Exchange Report Page.

COMMODITIES AND AGRICULTURE

Muddling on with grain surpluses

DURING 1970 I visited the prairie provinces of Canada and saw enormous heaps of wheat stored uncovered on farms—the accumulation of several harvest surpluses. The US, a richer country, was storing much at Government expense and in addition paying farmers to set land aside. In Australia at the same time wheat growing was subject to quota.

A year or so later Soviet buyers raided the American stores and set off a worldwide production boom with the result that today the world's grain production, excluding rice, of 1.346bn tonnes is a third higher than in 1972-74.

This is undeniably a considerable achievement, but unfortunately the total annual world grain trade, excluding rice, has not expanded to match it. Between 1968-71 and 1984-85 world trade only doubled from

FARMER'S VIEWPOINT

By John Cherrington

99m tonnes to 209m tonnes and will probably be below 200m tonnes for 1985-86. Prices are at levels ruling 10 years ago and although they do not appear to have fallen materially in dollar terms, the fact that the US dollar, in which grain is traded world wide, has fallen by nearly 40 per cent against sterling and the European currency unit, over the past year means that in real terms the slump is really on.

The EEC is being blamed for much of the trouble. Ten years ago total grain imports into the Community of 10 were 22m tonnes. By 1984 they had fallen to 7.5m tonnes and over the same decade exports of Community grain had more than doubled from 9.7m to 21m tonnes. In effect the EEC has reduced the world grain market for traditional vendors by some 25m tonnes.

But EEC production and its disposal has not been the only culprit. Since the early 1970s there has been a significant increase in yields per hectare, averaging 29 per cent world wide. Most countries shared in this to some extent, the poorest performer being the Soviet Union. It is worth noting that should the Soviet Union manage to raise its yields to the level of the rest of the grain producing countries it would mean another 53m tonnes of grain on world markets—more than a quarter of the present world trade.

Pest control

Other erstwhile grain importers, notably India and China have moved to self sufficiency at a pace no one would have believed possible as little as 10 years ago. It is an irony that much of the increase in yields in the more under-developed countries originated in the Green Revolution which was the result of the work of the US financed Rockefeller Foundation and others.

There is a definite connection between the Green Revolution and farming in most advanced countries in that the techniques used to control pests and weeds and breeding the right varieties were applicable world wide. The Chinese for instance adopted them and doubled their grain yields.

But none of this is much help to farmers and their governments who are faced with the fact that a proportion of their grain producing potential is surplus to requirements. One can understand the fury of the US and other farmers at the export policy—dumping they call it—carried on by the EEC.

This is particularly galling to farmers in Canada, the US and elsewhere who built up their trade in grains and other products since the late 19th century. They were conditioned to believing that there would always be a place for them in the economic world as suppliers of grain to countries not so favourably placed. To find their one-time customers, and even the recipients of their charity like India, competitors or self-sufficient is hard for them to stomach.

I do not believe that this problem is unique to grain. The same over-production and increasing self-sufficiency is evident in milk, meat, oil seeds and so on. Most pundits claim that market forces would, if allowed free rein, soon cure the situation by decimating the industry. The trouble is that few governments could allow this and still survive the next election. So we shall muddle on.

US watchdog plans tough rules on contract timing

BY NANCY DUNNE IN WASHINGTON

AFTER TEN years of dissension and delay, the US Commodity Futures Trading Commission (CFTC) is expected today to approve controversial new rules which would tighten the record-keeping of trading on the floors of US futures exchanges.

The proposed rules would force floor brokers or exchange employees to record the actual execution time of each futures and options trade within one minute. Currently, trades are only recorded within 30 minute time periods, making it difficult for CFTC investigators to establish "audit trails" in sniffing out trade abuse.

Most of the futures exchanges have long opposed one minute time stamping requirements, claiming they would slow up trading and damage market liquidity. However, the CFTC is up for Congressional re-authorisation this year, and a Congressionally mandated study on insider trading recommended that the exchanges improve their ability to reconstruct the sequence of trading.

In a report released yesterday, the CFTC staff noted that some commodities market participants "continue to harbour suspicions as to the fairness of the commodities markets." An indirect benefit of the improved timing system may be better public perception of the fairness of the markets, "thereby increasing public confidence and participation in the markets."

The new rules are also designed to deter trading frauds and make trade reconstructions less expensive. According to the CFTC staff, the New York cotton exchange recently spent 450 employee hours to reconstruct the trading of one broker trading one contract on one day. Because of the imprecision of the data, the exchange was unable to reconstruct the sequence of about one-fifth of the trade.

While eager to impress Congress this year, the CFTC is expected to ease the transition to tighter controls by giving exchanges until October 1, 1986, to implement a plan for one minute trade timing and until January 1, 1987, to prove that their new schemes are working well. The proposed regulations do not specify the method for meeting the time standard but instead permit each exchange to comply with the standard as best they can.

The exchanges may use either manual record keeping, a technology assisted system, exchange recorded time keeping or a combination of these or other approaches as long as the one minute rule is in force.

Although most of the exchanges must be dragged to the new standards kicking and screaming, the New York Mercantile Exchange has had a one minute time keeping system in place for years. Under the system floor brokers fill out trading information on a card and throw it into the centre of the pit where it is stamped with the time by a Nymex employee.

The cards are collected, checked and entered into a computer centre by other Nymex clerks. Later, when the information comes up on TV screens located throughout the exchange, the floor broker or his clerks are required to check it accurately.

Mrs Rosemary MacFadden, the Nymex President, said the system has not damaged trade liquidity — volume has been breaking records for years—and the process ultimately assists in matching trading.

Bonn criticises tin market rescue plan

BY JOHN DAVIES IN BONN AND STEFAN WAGSTYL IN LONDON

WEST GERMANY last night criticised the latest rescue plan for solving the three-month-old tin crisis.

Speaking in advance of today's emergency meeting of the International Tin Council, Dr Guenter Behrendt, leader of the West German delegation, said the proposals for sharing the financial burden between the council's 22 member governments and its creditors was not fair.

His comments were made shortly after the London Metal Exchange deferred until next Monday a decision on the future of the tin market, which has been suspended since October 24, when the ITC ran out of money with debts of hundreds of millions of pounds to banks and LME brokers.

The UK Government has consistently pressed for a settlement in a campaign culminating in letters from Mrs Margaret Thatcher to fellow heads of government.

It is clear from Dr Behrendt's views that any deal might still take time to negotiate—though the fact that he criticised details, rather than the principles behind the latest plan, indicate that West Germany could be less tough in talks today than it has been. However, the supporters of a negotiated deal cannot take the views of other countries for granted—Malaysia, the biggest producer, has reservations.

The latest rescue plan, put forward by Mr Peter Graham, senior deputy chairman of Standard Chartered Bank and Mr Ralph Kestenbaum, joint managing director of Gerald Metals, involve the creation of a new company, Newco, to take over the council's tin stockpile and its liabilities—funded with £200m from ITC members, £50m from brokers and £20m from banks.

Dr Behrendt criticised the relative sizes of the government and the bank contributions—but had no major objection to the brokers' input.

It is understood in Bonn that these views are broadly shared by Holland and France. The three countries have so far been leading opponents of attempts to start negotiations between the ITC and its creditors.

Tin trading has been suspended since October 24.

LONDON METAL EXCHANGE WAREHOUSE STOCKS
(Changes during week ending last Friday)

	(tonnes)
Aluminium	−425 to 221,925
Copper	−4,450 to 187,075
Lead	+3,050 to 65,675
Nickel	+474 to 7,290
Tin	+110 to 62,030
Zinc	+5,875 to 37,100
	(ounces)
Silver	−668,000 to 50,254,000

Prices firmer at London tea auction

By Our Commodities Staff

TEA PRICES at London's weekly auction yesterday were generally firmer with quality grade averaging 180p a kilo, up 5p from last week, medium grade 140p, up 5p, and low medium 103p, up 7p.

There was no obvious reason for the rise, which continued a a trend that started towards the end of last month. One dealer suggested it might simply be a reaction against the preceding fall, encouraged, perhaps, by the low level of stocks held by most UK blenders. He did not think the Sri Lankan poison scare had influenced the market as the small amount of Sri Lankan tea included in the offering would have been shipped before an Indian newspaper reported, about ten days ago, that Tamil separatists had put arsenic in an export shipment.

The London Tea Brokers' Association described demand at yesterday's sale as "strong and more consistent." There were 31,793 packages on offer, including 1,800 in the offshore section.

Assam teas were generally 5p to 10p a kilo dearer with best quality types showing advances from last week of up to 20p. Bangladesh teas and most Africans were well supported with bright Kenyans a particularly strong feature, the association said. But plainest central Africans were irregular and in some cases cheaper.

London Commodity Exchange restructuring plan

A blueprint for the LCE

BY ANDREW GOWERS

"COMMODITY MARKETS have recently been very quiet and London is having difficulty holding market share. Unless urgent action is taken, members' reserves will continue to be at risk."

With that stark message, Mr Saxon Tate, the recently-appointed full-time chairman of the London Commodity Exchange, has launched his attempt to restructure the UK's principal soft commodity futures markets: those in sugar, coffee and cocoa, as well as the LCE's energy offshoot, the International Petroleum Exchange.

The LCE has existed in more or less its present form since 1973, but Mr Tate's initiative comes at a crucial time. For most of last year, the Exchange's contracts were suffering a sharp decline in both volume and international market share. The recent upsurge in coffee trading has eased the pain somewhat—but even in coffee futures, the New York market has gained considerably more volume than London.

The Exchange faces inevitable change on at least two counts: it is moving to new purpose-built premises — costing an estimated £5m — by the Tower of London in the spring of 1987; and its members will be forced to pay for a self-regulatory framework for the first time this year under the Government's Financial Services Bill.

But Mr Tate's proposals go much further than earlier of these developments, and incidentally provide a scathing reflection on the LCE's failure to adapt to increasing competition from other futures markets over the last few years.

As he sees it, and as he says many people involved in the markets have explicitly recognised for about two years, the challenge facing the LCE is essentially two-fold: to arrest and eventually reverse the decline in business, and to ensure that the LCE's assets — principally Commodity Quay, the new building — are managed in a cost-effective manner.

As a starting point, Mr Tate identifies substantial problems with the Exchange's structure. At present, the LCE is a private limited company, partly owned by all-powerful terminal market associations (TMA's), which run the individual markets, and overseen by a weak central Board.

This administers a variety of services to the market floors on which its members trade, including limited lobbying and public relations activities and telecommunications.

Mr Tate says the LCE's decision-making process is cumbersome and its organisation diffuse. As things stand, he writes, the LCE "has little or no control over its own destiny or over the future of London as a market place for soft commodities."

What he wants is clearly something much more centralised, more akin to the structure of the relatively successful US exchanges.

This would involve reconstituting the Exchange as a limited company owned directly by its members. The TMA's assets and loans would be capitalised to become shares in the new LCE; the company would be open to equity participation by new members: it would be controlled by a board of directors directly accountable to the shareholders; and it would aim to offer a return on shareholders' capital. The individual markets would be run by committees appointed by the Board.

The new LCE, he says, would earn its revenue by supplying "quality services at competitive prices" to markets in the Exchange's traditional commodities as well as to other markets which might choose to share Commodity Quay, such as the International Petroleum Exchange; by attracting and initiating new markets (Mr Tate speaks optimistically of options contracts, for example); and by exploiting and developing products such as the Manifest price quotation system operated by the LCE's Commodity Market Services subsidiary.

Above all, the business plan argues that services must improve, that costs must be "at least contained," that markets must be charged only for the space they occupy and the services they use, that successful new revenue contributing business must be developed, and that CMS's third party businesses must make a substantial contribution.

"The assumptions made about the possibility of developing new business are very challenging, though essential, not only in terms of financial contribution but to London's continued existence of as a major international market place for soft commodities," Mr Tate writes.

In these circumstances, the document suggests that the new LCE ought to be able to operate without resort to borrowing, and that—for the sake of argument—it could make a return on shareholders' capital of about 8 per cent in the financial year 1988-89. This assumes — perhaps conservatively—that trading in the "traditional" soft commodities will rise no higher than budgeted levels for the current fiscal year, and that IPE annual volumes will not exceed 750,000 lots.

To achieve such return figures, though, Mr Tate reckons that the LCE might need to make capital and operating expenditure totalling about £12m—which implies increasing its operating revenue by £3.4m over the next three years.

There is an alternative scenario, however. This assumes, among other things, that coffee, cocoa and sugar volumes do not rise above their level of summer 1985 and that the IPE does not achieve a significant increase in trading activity, that Commodity Quay overruns on cost, and that no new business is developed. In such an event, which might lead it to underperform by between £3m and £4m, the Exchange might need to borrow, say, £1.5m, as well as drawing £2m from its contingency reserve.

That would give it a debt-to-equity ratio of one to five—a pretty acceptable figure by most standards.

LONDON MARKETS

THE RECENT wild gyrations in the coffee market showed no sign of slowing down yesterday. The March position, which had fallen £151.50 last Thursday and regained £112 on Friday, fell away again to close £265.50 down yesterday at £2,617.50 a tonne. An early fall, following through on New York's decline after the London market had closed on Friday, gathered pace as stop-loss orders were triggered. But traders continued to see the decline as a technical correction and many were still looking for further substantial gains as the market comes to terms with the heavy damage done to the coming Brazilian crop by last year's protracted drought. Meanwhile sugar futures were depressed in line with the tone in New York and London's position ended the day $7.10 down at $147.70 a tonne. Cocoa values recovered some of last week's sharp fall in spite of news that US bean grindings in the final quarter of 1985 were down 6.7 per cent on the corresponding 1984 period. Sterling's weakness against the dollar lifted copper, zinc and aluminium prices on the London Metal Exchange.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	806-6	+22	881/801
3 months	839.5-8	+25	835/816

Official closing (am): Cash 800.5-1 (778.5-9.5); three months 826.5-7 (806-6); settlement 801 (779.5). Final Kerb Close: 834-35. Turnover: 20,000 tonnes.

COPPER

COPPER HIGHER GRADE

Official closing (am): Cash 990-.5 (979-.5); three months 1010.5-7 (1003.5-4); settlement 990.5 (979.5). Final Kerb Close: 1012-13.

Higher grade	Unofficial close	+ or —	High/low
Cash	988-9	+14	990.5/990
3 months	1014.5-5	+14.5	1019/1009
Cathodes			
Cash	975-6	+10.5	—
3 months	1003-6	+15	1004/1004

Official closing (am): Cash 974-5 (964-5); three months 1004-5 (994-5); settlement 975 (965). Turnover: 33,175 tonnes. US Producer prices 68.5-73.06 cents per pound.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	257-8	−0.75	257/257
3 months	267.25-.5	−0.88	267/267

Official closing (am): Cash 257-.25 (258.75-60.25); three months 267-.5 (269.5-70); settlement 257.25 (260.25). Final Kerb Close: 267-68. Turnover: 6350 tonnes. US Spot: 18.5-20 cents per pound.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	2840-50	−10	2860/2850
3 months	2915-20	—	2980/2940

Official closing (am): Cash 2855-65 (2810-20); three months 2945-50 (2880-5); settlement 2865 (2820). Final Kerb Close: 2920-30. Turnover: 1142 tonnes.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	444-6	+0.5	—
3 months	456-7	+10	458/451

Official closing (am): Cash 440-5 (434.5-5); three months 453-.5 (447-8); settlement 440-.5 (435). Final Kerb Close: 457-60. Turnover: 8200 tonnes. US Prime Western: 33/35.75 cents per pound.

GOLD

Gold rose $¾ to $340¾-341¼ on the London bullion market yesterday. The metal opened at $338¾-339¼, and was fixed at $340.75 in the morning and $339.40 in the afternoon. It touched a peak of $341-341½ and a low of $339-339½.

GOLD BULLION (fine ounce) Jan. 13

Close	$340¾-341¼	(£236¼-236¾)
Opening	$332¼-369¾	(£234¾-235¼)
M'n'g fix	$340.75	(£236.895)
Aft'n'n fix	$339.40	(£236.104)

GOLD AND PLATINUM COINS

Kr'g'r'nd	$349-342½	(£237¼-237¾)
½ Krug.	$181-181½	(£125½-126)
¼ Krug.	$92¼-92¾	(£64-64¼)
1/10 Krug.	$37¼-38¼	(£26¼-26½)
Mapleleaf	$351-351½	(£243½-244)
Angel	$349-351	(£240½-243½)
1/10 Angel	$35½-40¼	(£24½-28)
New Sov.	$82-82½	(£57-57¼)
½New Sov	$48½-48¼	(£33¼-34¼)
Old Sov.	$91-93¼	(£63¼-64¼)
$20 Eagle	$450-490	(£312¼-340)
Noble Plat	$368-379	(£255¼-265¼)

SILVER

Silver was fixed 1.7p an ounce higher for spot delivery in the London bullion market yesterday at 422.65p. US cent equivalents of the fixing levels were: spot 605.7c, down 5.3c; three-month 617.1c, down 4.8c; six-month 628.9c, down 4.8c; and 12-month 653.4c, down 4.85c. The metal opened at 418-420p (605-607c) and closed at 417-419p (602-604c).

SILVER per troy	Bullion Fixing Price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	422.65p	+1.70	417.5p	−5
3 months	435.50p	+2.50	431p	−1.1
6 months	448.45p	+2.55	—	—
12 months	473.95p	+5.35	—	—

LME—Turnover: 16 (53) lots of 10,000 oz.

Cash high/low 418p; three months final kerb 430-1p.

MEAT

Prices were unchanged despite lower physicals in poor volumes, reports Eastern Capital-CCST.

Sales: 10 (51) lots of 50 carcases, 3,250 kg.

Month	Yesterday's close	Previous close	Business done
	p. per kilo (deadweight)		
Feb	100.20	100.80	100.50-100.10
April	101.50	101.60	—
June	98.90	99.30	98.60
Aug	97.60	97.60	—
Oct	106.90	103.70	—
Nov	104.60	104.70	—

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 96.56p per kg lw (−0.39). GB—Sheep 197.81p per kg est dcw (+9.89). GB—Pigs 73.38p per kg lw (−3.59).

MAIN PRICE CHANGES

In tonnes unless otherwise stated.

	Jan. 13 1986	+ or —	Month ago
METALS			
Aluminium			—
Free Mkt	$1220/240	+20	$1175/90
Copper			
Cash h Grade	£988.5	+14.5	£985.25
3 mths	£1014.75	+14.5	£1003.5
Gold Troy oz	$341.00	+0.25	$319.5
Lead Cash	£257.5	−0.75	£276.0
3 mths	£267.37	−0.18	£283.25
Nickel			
Free Mkt	198/208c	+1	197/217c
Palladium oz	$102.00	−1.25	$93.00
Platinum oz	$358.00	−5.25	$330.25
Quicksilver†	$220/240		$265/275
Silver troy oz	422.65p	+1.70	406.30p
3 months	435.50p	+2.50	417.50p
Tin cash	‡		‡
3 months	‡		‡
Tungsten	$66.92		$67.77
Wolfram 22.0lb.	$53/61		$56/64
Zinc	£445	+9.2	£505
3 months	£456.5	+10	£506
Producers	$660/700		$680/675
OILS			
Coconut (Phil)	$405v		$420
Palm Malayan	$370z	+20	$405
SEEDS			
Copra Phil	$256v	+5	$237.5
Soyabean (U.S.)	$225.5	−3.85	$220.3
GRAINS			
Barley Fut. Mar.	£115.50	+0.30	£113.35
Maize	£142.00	+0.25	£142.50
Wheat Fut. Mar.	£116.60	+0.45	£115.50
No. 2 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. May	£1722	+10	£1729.5
Coffee Ft. Mar.	£2617.5	−265.5	£2524
Cotton A Index	51.25c		48.40c
Gas Oil Mar.	$204.75	−4.5	$238.0
Rubber (kilo)	57.5p	+0.5	57.0p
Sugar (raw)	$137.5v	+0.5	$144
Wooltops 64s	400p kilo	+3	400p kilo

‡ Unquoted. † Per 75-lb flask. c Cents per pound. v Jan-Feb. z Feb.

COCOA

Trade was light and futures stayed in a narrow range throughout a dull day. Physical business was restricted to the second-hand market where some limited interest was seen, but producers and consumers were sidelined, reports Gill and Duffus.

COCOA	Yesterday's Close £ per tonne	+ or —	Business Done
March	1714-1715	+10.5	1722-1715
May	1721-1723	+10.0	1728-1717
July	1749-1743	+2.0	1748-1738
Sept.	1769-1765	+6.5	1768-1758
Dec.	1779-1770	+6.0	1780-1775
March	1788-1796	+6.0	1795-1785
May	1803-1812	+8.5	—

Sales: 1,487 (2,764) lots of 10 tonnes.

ICCO indicator prices (US cents per pound). Daily price for January 13: 105.26 (105.80); five-day average for January 14: 106.06 (106.42).

COFFEE

Following the announcement from the African nations that they would seek immediate suspension of ICO quotas, the market came under heavy speculative and trade liquidation. Stop-loss selling throughout the morning produced losses of up to £313. A weak New York market kept London under pressure throughout the afternoon.

COFFEE	Yesterday's Close	+ or —	Business Done
Jan.	2560-600	−227.5	2790-560
March	2610-20	−265.5	2875-570
May	2600-25	−271.0	2855-650
July	2770-75	−262.5	3030-730
Sept.	2841-50	−264.5	3100-820
Nov.	2900-16	−242.5	3185-900
Jan.	2945-90	−217.5	3185-960

Sales: 13,664 (11,026) lots of 5 tonnes.

ICO indicator prices (US cents per pound) for January 10: Comp. daily 1979 227.06 (220.44); 15-day average 210.34 (207.14).

COTTON

LIVERPOOL—Spot and shipment sales for the week ending January 10 amounted to 2,026 tonnes against 200 tonnes in the two days' trading of the previous week. Improved demand brought operations in Turkish, east and west African, Pakistani, American and Israeli growths.

FREIGHT FUTURES

With the physical market offering no news, futures were quiet. April attracted several sellers, notably in the afternoon and the market closed on an easier note, reports Clarkson Wolff. The Baltic Freight Index was 917.5, down 2. The Baltic Tanker Index was 887.5, down 25.

Turnover: 138 (138).

	Close	High/Low	Prev.
Jan.	904/905	907/909	904/905
April	957/959	970/975	964/956
July	832/838	835/840	—
Oct.	959/926	930/966	927.5
Jan.	928.5/946	925/935	—
April	1005/1020	1005/1007	—
July	840/890	850/870	—
Oct.	970/984	950/960	—

Turnover: 138 (310).

GRAINS

Old crop wheat and barley were steady in thin trading. Wheat found good merchant and consumer buying support to slowly rise, reaching 45p up before meeting light profit-taking to ease 10-15p. Barley recovered 50p of recent losses in very thin trade. New crops were untraded, reports Muirpace.

	WHEAT		BARLEY	
Mnth	Yesterd'ys close	+ or —	Yesterdys close	+ or —
Jan	116.80	+0.35	119.50	+0.85
Mar	116.30	+0.45	115.30	+0.50
May	119.55	+0.50	117.40	+0.60
July	122.00	+0.45	—	—
Sept.	99.75	—	99.35	—
Nov.	102.90	+0.10	102.30	—

Business done—Wheat: Jan 113.80-3.60, Mar 116.60-6.30, May 119.75-9.40, July 122.00-1.70. Sept and Nov untraded. Sales: 268 lots of 100 tonnes. Barley: Jan untraded, Mar 115.30-4.90, May 117.15 only, Sept and Nov untraded. Sales: 3 lots of 100 tonnes.

LONDON GRAINS—Wheat: US dark northern spring No 1 15 per cent Feb 138.80, Mar 139.95 sellers transhipment east coast. US No 2 soft red winter Jan 128.35, Feb 128.75, Mar 128.15, Jun 108.50 sellers. EC French Jan 136 seller. English feed fob Apr/Jun 123 paid, Jan 116/116.50, Feb 117/118, Mar 120.50/123 buyer/sellers, new crop Sep 101.50/102.50 buyer/seller, Oct/Dec 106.50 seller. Maize: US No 3 yellow/French transhipment east coast Jan 142. Barley: English feed fob Jan 114.00 buyer Boston/115.00 seller Peterhead, Feb 115.50/117, Mar 117.50/118.50 buyer/sellers, Apr/May/Jun 122 seller. Rest unquoted.

HGCA—Locational ex-farm spot prices. Feed barley: Eastern 112.80, E Mids 112.20, N East 116.70, Scotland 109.90. The UK monetary coefficient for the week beginning Monday January 20 (based on HGCA calculations using four days' exchange rates) is expected to be unchanged.

RUBBER

PHYSICALS — The London market opened slightly steadier, attracted little buying interest throughout the day and closed quiet, reports Lewis and Peat. Closing prices (buyers) spot 57.50p (57.00p). February 55.75p (55.25p). March 56.00p (55.50p). The Kuala Lumpur fob prices (Malaysia/Singapore cents) per kg RSS No 1 was 180.6 (180.0) and for SMR 20 169.5 (same).

US MARKETS

PRECIOUS METALS put in a mixed performance reflecting scattered profit-taking and the lack of fresh developments over the weekend, reports Heinold Commodities. Copper and aluminium moved sharply higher on stock drawdowns and expectations that US economic activity will begin picking up strongly in the first quarter of 1986. Sugar came under heavy selling pressure on technical based selling. Expectations of disappointing grind results led to pressure on cocoa values. The large discounts being offered by Brazil on new export sales led to sharp declines in coffee. Cotton firmed on light cash offers and good movement of cotton into loan. Heating oil declined the daily 2c limit in nearby trading months in reaction to warmer weather in the main consuming areas and on growing stocks following months of heavy output. Weekend rains in Brazil sent Soyabean prices sharply lower. Maize and wheat lost ground on expectations of lower new crop loan rates that were to be announced yesterday afternoon.

NEW YORK

ALUMINIUM 40,000 lbs, cents/lb

	Close	High	Low	Prev
Jan	58.40	—	—	53.35
Feb	55.70	—	—	54.10
March	56.05	56.05	54.50	54.05
May	56.65	56.50	55.20	54.65
July	57.25	56.45	55.85	55.25
Sept	57.85	—	—	55.85
Dec	58.75	—	—	56.75
Jan	59.05	—	—	57.05
March	59.65	—	—	57.65
May	00.25	—	—	58.25

COCOA 10 tonnes, $/tonnes

	Latest	High	Low	Prev
March	2160	2174	2159	2188
May	2207	2222	2208	2238
July	2246	2260	2246	2270
Sept	2265	2270	2265	2293
Dec	2278	2278	2275	2300
March	2295	2290	2290	2315
May	2340	—	—	2325

COFFEE "C" 37,500 lbs, cents/lb

	Close	High	Low	Prev
March	2240.21	258.00	240.50	267.28
May	265.92	265.92	265.92	271.92
July	271.00	271.00	271.00	277.00
Sept	275.79	275.79	275.79	281.79
Dec	280.00	280.00	280.00	286.00
March	283.49	283.49	283.49	289.49
May	285.83	285.83	285.83	291.83

COPPER 25,000 lbs, cents/lb

	Close	High	Low	Prev
Jan	66.30	—	—	65.25
Feb	66.55	—	—	65.00
March	66.95	67.10	65.45	65.95
May	66.80	66.95	65.55	65.95
July	66.90	67.00	65.75	65.95
Sept	67.00	66.55	65.95	66.15
Dec	67.15	67.25	65.90	66.35
Jan	67.20	—	—	66.45
March	67.20	66.45	66.45	66.55
May	67.45	66.60	65.55	66.70

COTTON 50,000 lbs, cents/lb

	Close	High	Low	Prev
March	62.16	63.03	62.10	62.83
May	62.17	62.80	62.10	62.63
July	60.28	60.80	60.25	60.52
Oct	50.67	50.85	50.53	50.51
Dec	48.72	48.90	48.80	48.68
March	49.53	—	—	49.41
May	49.88	—	—	49.72

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrels

	Latest	High	Low	Prev
Feb	25.16	25.58	25.06	25.79
March	23.76	24.20	23.88	24.64
April	23.00	23.62	22.80	23.85
May	22.65	23.03	22.80	23.31
June	22.48	22.72	22.40	22.94
July	22.25	22.45	22.17	22.66
Aug	22.10	22.30	22.00	22.41
Sept	21.95	22.00	21.95	22.17
Oct	21.80	21.80	21.80	21.95

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
Jan	340.9	340.0	339.6	341.7
Feb	341.5	343.2	340.7	343.3
March	343.3	344.3	343.5	345.1
April	345.4	347.0	344.6	347.2
June	349.6	351.3	348.8	351.4
Aug	353.9	355.5	354.7	355.7
Oct	358.3	360.0	358.0	360.1
Dec	362.5	364.2	362.0	364.5
Feb	367.6	369.9	368.5	369.1

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
Jan	361.9	364.0	358.0	364.2
March	363.9	365.0	361.0	366.2
April	366.7	367.2	360.0	368.0
July	369.0	370.8	364.9	371.2
Oct	373.4	372.6	369.2	375.5
Jan.	378.0	374.0	374.9	379.5

HEATING OIL 42,000 US gallons, cents/US gallons

	Close	High	Low	Prev
Feb	69.55	71.25	69.55	72.53
March	67.65	68.50	67.55	69.55
April	62.74	64.80	63.74	66.74
May	60.97	62.10	60.97	62.97
June	59.75	60.90	59.90	61.22
July	59.65	50.70	59.65	61.40
Aug	60.00	60.90	60.50	61.61
Sept	61.50	—	—	61.84
Oct	61.75	—	—	61.64
Nov	61.25	—	—	61.64

ORANGE JUICE 15,000 lbs, cents/lb

	Close	High	Low	Prev
Jan	95.90	101.00	99.95	100.00
March	97.40	103.70	97.30	102.30
May	99.05	104.90	98.70	103.70
July	101.10	108.50	100.50	105.50
Sept	102.12	107.25	102.00	106.50
Nov	102.60	106.00	104.50	107.00
Jan	103.60	105.00	105.00	108.00
March	104.60	—	—	108.15
May	104.70	109.00	109.00	108.25

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
Jan	600.2	605.5	602.0	608.2
Feb	603.1	609.0	609.9	611.1
March	607.9	616.0	606.0	615.0
May	616.1	623.0	614.0	623.1
July	623.5	629.5	623.6	631.4
Sept	632.4	637.5	634.5	640.1
Dec	645.6	663.0	646.0	663.1
Jan	650.3	655.0	656.0	667.7
March	659.3	664.0	658.0	666.9
May	668.7	—	—	675.9

SUGAR WORLD "11" 112,000 lbs, cents/lb

	Close	High	Low	Prev
March	5.34	5.63	5.32	5.86
May	5.57	5.83	5.55	5.86
July	5.77	6.03	5.76	6.05
Sept	5.92	6.18	6.18	6.22
Oct	6.09	6.32	6.06	6.33
Jan	6.53	—	—	6.65
March	6.70	6.91	6.70	6.97
May	6.86	—	—	7.13

CHICAGO

LIVE CATTLE 40,000 lbs, cents/lb

	Close	High	Low	Prev
Feb	58.45	59.56	58.25	59.27
April	60.12	61.55	60.00	61.10
June	59.75	61.18	59.60	60.85
Aug	58.55	59.70	58.30	59.55
Oct	57.40	58.70	57.40	58.27
Dec	58.60	60.00	59.40	59.90

LIVE HOGS 30,000 lbs, cents/lb

	Close	High	Low	Prev
Feb	44.45	46.50	44.40	45.00
April	40.50	41.40	40.25	41.05
June	43.87	44.57	43.80	44.10
July	44.42	44.97	44.40	44.70
Aug	43.16	44.00	43.15	43.87
Oct	40.50	40.95	40.50	40.85
Dec	41.20	42.18	41.20	42.05
Feb	42.35	42.75	42.30	42.70

MAIZE 5,000 bu min, cents/56lb-bushel

	Close	High	Low	Prev
March	246.2	248.2	246.9	248.2
May	250.6	252.4	250.2	252.4
July	251.4	253.0	51.4	252.8
Sept	233.0	235.2	233.0	234.0
Dec	223.0	225.0	223.2	224.4
March	231.0	232.4	231.0	232.4
May	236.0	238.4	236.2	238.4

PORK BELLIES 38,000 lbs, cents/lb

	Close	High	Low	Prev
Feb	61.60	63.86	61.60	63.80
March	61.80	64.00	61.80	63.80
May	62.87	64.80	62.85	64.85
July	62.96	64.85	62.85	64.95
Aug	60.77	62.50	60.75	62.42

SOYABEANS 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
Jan	520.4	530.0	520.4	534.0
March	530.2	539.0	530.9	544.4
May	542.2	551.0	542.0	556.0
July	552.4	567.4	552.4	566.2
August	550.0	564.4	550.2	563.4
Sept	531.0	538.8	531.0	545.9
Nov	527.2	535.4	526.4	541.0
Jan	537.4	544.0	537.0	552.0
March	548.4	554.4	548.4	562.4

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
Jan	150.1	151.5	150.1	153.2
March	152.7	153.9	152.1	155.4
May	154.9	156.0	154.5	157.4
July	157.1	158.0	156.0	159.4
August	157.1	158.0	157.0	159.4
Sept	153.0	153.5	152.1	154.5
Oct	147.8	148.0	147.0	149.0
Dec	149.2	150.0	149.0	151.5
Jan	149.3	150.9	149.0	151.0
March	153.0	—	—	153.5

SOYABEAN OIL 60,000 lb, cents/lb

	Close	High	Low	Prev
Jan	19.76	20.05	19.75	20.26
March	20.00	20.30	20.05	20.56
May	20.48	20.70	20.44	20.95
July	20.73	21.00	20.72	21.22
August	20.75	21.00	20.75	21.20
Sept	20.63	20.95	20.63	21.00
Oct	20.60	20.90	20.60	21.00
Dec	20.60	20.80	20.55	20.97
Jan	20.65	20.85	20.65	21.00
March	21.00	—	—	20.95

WHEAT 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
March	325.0	336.2	322.0	336.6
May	290.6	311.0	298.2	310.0
July	273.¾	280.4	272.0	279.9
Sept	273.0	279.6	273.0	278.0

SPOT PRICES—Chicago loose lard 18.00 (same) cents per pound. Handy and Harman silver bullion 603.0 (611.0) cents per troy ounce.

OIL

Most grades continued to weaken under the pressure of unsold North Sea cargoes. Nymex opened 44c down for February and had recovered only 10c of this by 1 pm EST. In the petroleum products market, prices fell across the barrel in weak and thin trade.—Petroleum Argus, London.

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)—Jan.		
Arab Light	27.20-27.60*	−0.10
Arab Heavy	25.20-25.30*	−0.10
Dubai	24.00-24.10*	−0.325
Brent Blend	25.70-25.80*	−0.50
W.T.I. (1pm est)	25.50-25.55*	−0.235
Forcados (Nigeria)	26.60-26.90	−0.25
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	235-238	−8.5
Gas Oil	210-214	n/a
Heavy fuel oil	150-159	−3.5
Naphtha	208-212	−5

* February

Petroleum Argus estimates

GAS OIL FUTURES

Month	Yest'day's Close	+ or —	Business Done
	$ U.S. per tonne		
Feb	211.00	−5.00	214.00-06.50
Mar	204.75	−4.50	211.00-03.75
Apr	197.00	−3.00	200.00-96.25
May	191.00	—	191.50-90.00
June	190.00	−1.50	190.00-88.50
July	190.72	−1.50	190.00-90.75
Aug	191.75	−1.75	191.75-91.00
Sep	197.50	+9.00	—

CRUDE OIL FUTURES—Brent Blend Index. $ a barrel. (Close, change, business done): Index 23.98, unchanged; Feb 23.98-24.02, −0.20, 24.00-23.85; Mar 22.80-23.10, −0.25, 22.75; April 21.90-22.00, −0.275, 22.10-22.00; May 27.00-22.40; June 20.75-22.00.

Turnover: 41 (10) lots of 1,000 barrels.

SOYABEAN MEAL

The market opened unchanged in quiet trading conditions, reports T. G. Roddick. Prices eased during the afternoon on professional selling.

	Yesterday close	+ or —	Business Done
	£ per tonne		
Feb.	134.0-134.5	−1.25	136.0-135.5
Apr.	135.2-135.5	−1.85	135.5-133.5
June	132.5-132.7	−2.25	—
August	125.5-130.5	−2.00	—
October	130.0-132.0	−1.75	—
Dec.	131.5-133.0	−0.75	—
Feb.	130.0-135.0	−1.50	—

Sales: 174 (195) lots of 20 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar $127.50 (£88.50), up 50c (up £1.50) a tonne for January-February delivery. White sugar $166.00, unchanged.

The market came under disappointed long liquidation and prices fell back to the recent lows, reports C. Czarnikow.

No. 6 Contract	Yest'day's close	Previous close	Business done
	$ per tonne		
Mar	142.4-142.6	149.8-150.0	158.2-142.2
May	147.5-147.8	154.8-155.0	156.2-147.2
Aug	155.8-156.4	160.0-161.0	160.6-154.2
Oct	158.0-158.4	165.0-165.8	165.4-158.6

Sales: 1,778 (1,067) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £151.00 (£190.00) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports.) Prices for January 10: Daily price 4.88 (same); 15-day average 4.87 (4.92).

PARIS—(FFr per tonne): Mar 1272/1274, May 1295/1299, Aug 1345/1349, Oct 1400/1405, Dec 1425/1430, Mar 1481/1497.

POTATOES

The market opened 60p down, basis April, following Friday's weak chartist close and a drop of Dfl 1 in Holland due to low export and high import figures. At £1.00 down renewed buying interest stemmed the fall and the losses were recouped.

Month	Yesterday's close	Previous close	Business done
	£ per tonne		
Feb	80.60	79.60	80.00
Apr	98.50	96.90	98.70-96.50
May	105.30	103.40	105.50-102.0
Nov	75.00	76.00	75.00

Sales: 766 (619) lots of 40 tonnes.

INDICES

FINANCIAL TIMES

Jan. 13	Jan. 10	M'th ago	Year ago
—*	—*	—*	293.21

(Base: July 1 1952=100)

REUTERS

Jan. 13	Jan. 10	M'th ago	Year ago
1863.4	1867.2	1750.0	1953.2

(Base: September 18 1931=100)

DOW JONES

Dow Jones	Jan. 10	Jan. 9	Month ago	Year ago
Spot	132.46	132.16	—	121.02
Fut.	135.19	167.18	—	124.69

(Base: December 31 1931=100)

* Not available due to suspension of tin LME.

FOREIGN EXCHANGES

Dollar strong, pound nervous

The dollar threatened to break out from its recent trading range of DM 2.42 to DM 2.48 on the foreign exchangs yesterday. Tho US currency temporarily rose above previous resistance levels, following encouraging US economic statistics of late, and doubts that the bill to eventually balance the US budget will be passed by Congress.

Last week's fall in US unemployment, and a rise of 0.4 per cent in producer prices, only half the previous month, led to an upward trend in the dollar, as tho US bond market weakened. At tho samo time there were growing fears tho Gramm Rudman Bill would be ruled unconstitutional, allowing the Reagan Administration to maintain a high borrowing requirement, keeping interest rates and the dollar firm.

There was also no sign of retaliation by Arab states to withdraw investmants in the US following the freezing of Libyan assets as a result of the European airport terrorist attacks.

The dollar rose to DM 2.4635 from DM 2.4555; FFr 7.55 from FFr 7.5150; SFr 2.0940 from SFr 2.0795; and Y202.75 from Y202.10.

On Bank of England figures the dollar's index rose to 128.6 from 125.2.

STERLING — Trading range against the dollar in 1985-86 is 1.4885 to 1.0525. December average 1.4555. Exchange rate index fell 0.5 to 78.1. It opened at 78.5, the highest level of the day, and touched a low of 78.0 at 1 pm.

Sterling was volatile, tending to endorse the Government's admission that UK interest rates will need to remain high for some time. With oil companies running their lowest stock levels since 1977 the overall picture for the oil market looks weak, and ministers from the Organisation of Oil Exporting Countries are scheduled to hold a meeting early next month. The pound fell 1.15 cents to $1.4425-1.4435, after trading within a range of $1.4315 to $1.4510. Sterling was unchanged at DM 3.5725, but rose to FFr 10.98 from FFr 10.93; SFr 3.04 from SFr 3.0350; and Y295 from Y293.95.

D-MARK — Trading range against the dollar in 1985-86 is 3.4510 to 2.4375. December average 2.5120. Exchange rate index 130.9 against 124.1 six months ago.

The D-mark weakened against the dollar in Frankfurt yesterday, and the US currency finished firmer on the day in spite of rumours about President Reagan's health. Recent signs of better than expected performance by the US economy pushed the dollar up to DM2.4855 from DM 2.44975 at the Frankfurt close. Earlier in the day the Bundesbank did not intervene when the dollar was fixed at DM 2.4767 compared with DM 2.4567 on Friday. Trading was quiet and uncertain before tho fixing, but dealers tended to worry about tho rise in US interest rates on Friday and the weakness of the bond market. There were no new factors to give impetus to business, but operators remained nervous about possible Arab disinvestment in the US as a result of the freezing of Libyan assets in the US, while the Iranian boarding of a US merchant ship added to the underlying political worries.

£ IN NEW YORK

	Jan. 13	Prev. close
£ Spot	$1.4435-1.4460	$1.4480-1.4490
1 month	0.62-0.58pm	0.55-0.54pm
3 months	1.70-1.65pm	1.60-1.57pm
12 months	5.90-5.75pm	5.40-5.30pm

Forward premiums and discounts apply to the U.S. dollar

DOLLAR SPOT—FORWARD AGAINST DOLLAR

Jan 13	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4315-1.4510	1.4425-1.4435	0.60-0.57c pm	4.86	1.65-1.60 pm	4.50
Ireland†	1.2285-1.2425	1.2380-1.2396	0.60-0.45c pm	5.09	1.85-1.55 pm	5.50
Canada	1.3941-1.4025	1.4015-1.4020	0.19-0.22c dis	−1.76	0.58-0.63dis	−1.73
Nethlnd	2.7760-2.8015	2.7945-2.7955	0.65-0.62c pm	2.73	1.69-1.66 pm	2.40
Belgium	50.35-50.80	50.40-50.50	5-10c dis	−1.90	20-27 dis	−1.86
Denmark	8.99½-9.09¼	9.03-9.03½	¼ore pm-¼ dis	—	¼ pm-¼ dis	—

CURRENCY MOVEMENTS

Jan. 13	Bank of England Index	Morgan Guaranty Change %
Sterling	78.1	−12.9
U.S. dollar	126.3	+16.7
Canadian dollar	80.3	−11.6
Austrian schilling	122.1	+6.3
Belgian franc	92.6	−9.3

FUTURES AND OPTIONS

Prices fall

Prices fell in active trading in the London International Financial Futures Exchange yesterday. Sterling based deposits were depressed by a higher cash market following fears of lower oil prices and sterling's overall weakness. Dollar based instruments were affected by the possibility that recent efforts to reduce the US budget deficit would not receive final approval by the US administration. Furthermore there were indications that the pace of US economic growth had accelerated, thereby reducing downward pressure on interest rates.

Three-month sterling deposits started to ease gently from an opening level of 87.20 and accelerated rapidly to finish at the day's low of 86.64 down from 87.37 on Friday. Tho closing level suggested a yield of 13⅜ per cent with the market more resigned to a further increase in base rates than anything else.

Gilt prices attracted some early buying so thot tho opening value of 108-24 was increased to a high of 108-25 before market bears pushed ths price to a low of 107-22 where it closed, down from 109-09 on Friday.

Euro-dollar prices fell after doubts about the Gramm-Rudman-Hollings budget bill and attempts by the Reagan administration to have parts of its declared unconstitutional. Nevertheless fears of higher interest rates failed to undermine futures values completely and the March contract met with persistent buying on any attempt to push it below 91.75. The March price closed at 91.80 up from an opening of 91.75 but down from 91.94 on Friday.

The US bond price for March delivery opened at 82-08 and rose to 82-14 before slipping away after the start of trading in Chicago to a low of 82-08. However buyers soon gained the upper hand and values were soon boosted to a high of 82-17 before finishing at 82-10 compared with 83-25 on Friday.

CURRENCY FUTURES

POUND—$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.4430	1.4372	1.4268	1.4113	1.3863

IMM—STERLING $ per £

	Latest	High	Low	Prev
March	1.4340	1.4365	1.4210	1.4380
June	1.4160	1.4175	1.4060	1.4220
Sept	1.4060	1.4050	1.3970	1.4105
Dec	1.3825	1.3925	1.3875	1.4005

LIFFE—STERLING £25,000 $ per £

MONEY MARKETS

UK rates up in very nervous trading

Interest rates rose in London yesterday, reflecting a growing lack of confidence in the current rate structure. Falling oil prices and a weaker pound were sufficient to undermine confidence and led to speculation that the latest one point rise in clearing bank base rates would not be sufficient to offset market fears about oil prices.

UK clearing banks base lending rate 12½ per cent since January 9

Three-month interbank money traded between 12⅞ per cent and 13 per cent with business for today quoted at 13⅛-13⅛ per cent up from 12⅞-12⅞ per cent on Friday. Three-month eligible bank bills were bid at 12½-12⅜ per cent compared with 12⅛-12⅜ per cent.

A bulk of the day's shortage was relieved through the sale by discount houses of long dated paper, an indication of the market's lack of confidence in the authorities maintaining the current level of rates. Overnight interbank money traded between 10 per cent and 13 per cent.

Tho Bank of England forecast a shortage of around £750m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £723m and Exchequer transactions a further £370m. These were partly offset by a fall in the note circulation of £290m and banks' balances brought forward £50m above target.

To help alleviate the shortage, the Bank offered an early round of assistance which totalled £722m and comprised outright purchases of £143m of eligible bank bills in band 3 at 12¼ per cent and in band 4, £61m of Treasury bills, £1m of local authority bills and £517m of eligible bank bills all at 12⅛ per cent.

The forecast was later revised to a shortage of around £900m before taking into account the early help and the Bank gave additional assistance in the afternoon of £108m. This comprised outright purchases of £34m of eligible bank bills in band 2 at 12⅛ per cent and £15m in band 3 at 12¼ per cent. In band 4 it bought £8m of Treasury bills and £51m of eligible bank bills all at 12⅛ per cent. Late assistance came to £20m, making a total of £850m.

In Frankfurt the Bundesbank announced a 29-day securities sale and repurchase agreement with a minimum rate of 4.5 per cent. Designed to add liquidity on a temporary basis to the money market, results of the tender will be known today with commercial banks credited with funds tomorrow. This will coincide with a maturing agreement which will drain DM 11.7bn from the market. Call money yesterday was quoted at 4.80 per cent unchanged from Friday.

NEW YORK RATES

(Lunchtime)

Prime rate	9½
Broker loan rate	5
Fed funds	7⅞
Fed funds at intervention	8⅛

Treasury Bills & Bonds

One-month	6.94
Two-month	7.24
Three-month	7.46
Six-month	7.60
One-year	8.80
Two-year	8.35
Three-year	8.63
Four-year	8.82
Five-year	9.00
Seven-year	9.30
10-year	9.45
30-year	9.50

FT LONDON INTERBANK FIXING

(11.00 a.m. Jan. 13)

Three months U.S. dollars		Six months U.S. dollars	
bid 8 5/16	offer 8 3/16	bid 8 1/4	offer 8 3/8

The fixing rates are the arithmetic means, rounded to the nearest one sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

LONDON MONEY RATES

Jan. 13	Over night	7 days notice	Month
Interbank	10-15	11½-12½	12⅞-12⅞
Sterling CDs	—	—	12⅛-12⅞
Local Authority Depos	10⅞-11¼	11¼-12	12⅛
Local Authority Bonds	—	—	10¼
Discount Mkt Depos.	10½-12	11¼-11½	12⅝
Company Depos.	10½-11½	11⅝-11¾	12⅛
Finance Hse Depos.	—	—	12⅞
Treasury Bills (Buy)	—	—	12⅛
Bank Bills (Buy)	—	—	12⅝
Fine Trade Bills (Buy)	—	—	13
Dollar CDs	—	—	8.10-8.15
SDR Linked Depos	—	—	8-8¼
ECU Depos	—	—	9⅞-9¼

MONEY RATES

Jan. 13	Ov'r-nio't	One Month	Two Months	Three Months	Six Months	Lombard In'v'ntion
Frankfurt	4.55 4.65	4.65-4.80	4.68 4.65	4.60-4.75	4.60 4.75	5.5
Paris	8⅞	8⅞-9⅛	8⅞-9⅛	8⅞-9⅛	9-9⅛	8¾
Zurich	7⅞-1⅛	3⅞-3⅞	—	5⅞-4⅞	—	—
Amsterdam	5⅞-5⅞	5⅞-5⅞	—	5⅞-5⅞	—	—
Tokyo	6.90625	7.15625	—	7.09375	—	—
Milan	14⅝-15	15¼-15⅝	—	14⅝-15	—	—

£ WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on January 13, 1986. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (nc) non commercial rate; (nom) nominal; (o) official rate; (sg) selling rate; (c) controlled rate; (u) unified rate.

COUNTRY	CURRENCY	VALUE OF £ STERLING
Afghanistan	Afghani	99.00
Albania	Lek	10.05
Algeria	Dinar	(A)5.89
Andorra	French Franc	10.98
	Spanish Peseta	022.37
Angola	Kwanza	43.1060
Antigua	E. Caribbean $	3.88
Argentina	Austral	1.1454
Greenland	Danish Kroner	13.1375
Grenada	E. Caribbean $	3.88
Guadaloupe	Local Franc	10.98
Guam	U.S. $	1.4435
Guatemala	Quetzal	1.4430
Guinea	Syli	38.39
Guinea-Bissau	Peso	244.89
Guyana	Guyanese $	0.91
Peru	Inti	exc(A)20.80(18)
Philippines	Philippine Peso	26.81
Pitcairn Islands	£ Sterling	—
	New Zealand $	1.8530
Poland	Zloty	211.00
Portugal	PortugueseEscudo	229.00

Company Notices

Personal

LONDON SHARE SERVICE

BRITISH FUNDS

1985/86 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
101⅜	99¼	Exch. 11¼pc '86	99¹³⁄₁₆	.....	[illegible]	13.11
99⅞	[illegible]	Treas. 10pcCnv 1986	99¼	−⅛	[illegible]	12.88
97⅜	[illegible]	Treas 3pc 1986	97¼	−⅛	[illegible]	11.71
100	[illegible]	Exch. 10½pc 1986	99⅜	−¼	[illegible]	12.89
101⅞	[illegible]	Treas 12pc 1986	99⅝	−⅛	[illegible]	13.19
98⅞	[illegible]	Treas 8¾pc 1984-86‡‡	98⅛	−⅛	[illegible]	12.52
105⅜	100⅝	Exch. 14pc 1986	100⅞	−⅛	[illegible]	12.67
95⅞	[illegible]	Exch. 2½pc 1986	95⅛	−⅛	[illegible]	8.45
104⅞	[illegible]	Exch. 13¼pc 1987	100¼	−⅛	[illegible]	12.46
99⅞	[illegible]	Treas 10¼pcCv '87	97⅞	−¼	[illegible]	12.42
93⅝	[illegible]	Exch. 2½pc 1987	93⅛	−⅛	[illegible]	9.05
100⅛	[illegible]	Exch. 10½pc 1987	97⅞	−⅛	[illegible]	12.41
95⅛	89	Funding 6½pc '85-87‡‡	94	−⅛	6.91	11.61
99⅛	95½	Treas. 10pc 1987	97¼	−⅛	10.30	12.26
92⅝	84¼	Treas 3pc 1987	91⅝	−⅛	3.28	9.17
102⅞	99⅛	Treas. 12pc 1987	99⅞	−¼	12.02	12.07
95⅛	90¼	Treas 7¾pc 1985-88‡‡	93	−⅛	8.33	11.62
100⅛	95¼	Exch 10½pc '88	97⅛	−⅛	10.82	11.97
98⅛	93⅛	Treas 9¾pc Cv '88	95⅛	−⅛	10.22	11.91
87⅝	80	Transport 3pc '78-88	86⅞	−¼	3.45	9.05
97⅝	91⅛	Treas. 9½pc '88	94⅛	−⅛	10.09	11.99
102⅛	97⅛	Treas 11½pc 1989	98⅝	−⅛	11.66	12.00
97⅛	90¼	Treas 9½pc Cnv. '89	93½	−⅛	10.16	11.94
84⅛	79	Treas 3pc 1989	83⅝	−⅛	3.60	8.92
99⅞	94	Treas 10½pc 1989	96¼	−⅛	10.92	11.86
98⅛	92	Exch. 10pc 1989	94⅞	−⅛	[illegible]	11.95
101⅛	95	Exch 11pc 1989	97½	−⅛	[illegible]	11.83
86⅝	79	Treas 5pc 1986-89	84⅞	−⅛	[illegible]	9.91
99	95⅛	Exch 10¼pcCv '89	95⅛	−⅛	[illegible]	11.68
108⅛	103⅛	Treas 13pc 1990‡‡	105⅞	−⅛	[illegible]	11.74
101⅛	96⅛	Exch 11pc 1990‡‡	97⅛	−⅛	[illegible]	11.79
108⅛	100⅛	Exch. 12½pc 1990	102	−⅛	[illegible]	11.79
81⅛	75⅛	Treas. 3pc 1990	80⅛	−⅛	[illegible]	8.59

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Cont.

1985/86 High	Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
19⅞	869p	♦Beth Steel $8	16⅞	.....	—	—	—
24	14⅞	Bowater Inc	18	+⅛	[illegible]	—	2.7
22⅛	15⅞	Brown'g-Fer. 16⅔c	21⅞xd	+⅛	[illegible]	—	2.0
37⅛	23⅞	Brunswick Corpn $	31⅛	+⅛	[illegible]	—	2.1
39⅞	29⅛	CPC Intnl. 25c	33⅞	+⅛	[illegible]	—	4.4
25	16⅛	CSX Corp U.S.$1.00	22⅛	+⅛	[illegible]	—	3.5
21⅛	11⅛	CalFed Inc $1.00	19⅞	+⅛	[illegible]	—	1.1
38⅛	25	Campbell Soup 30c	32⅛xd	−1⅛	[illegible]	—	2.8
31⅛	23⅛	Caterpillar Tractor$1	28⅛	+1⅛	[illegible]	—	1.2
902p	527p	Cenergy Corp. 25c	597p	+5	[illegible]	—	0.5
53⅛	34⅛	Chase M'hn $12.5	50⅞	+⅞	[illegible]	—	3.0
38⅛	23⅞	Chemical New York	33⅛	+⅛	[illegible]	—	3.1
34⅛	22	Chesebrough-Pond's $1	26⅛	−⅛	$2.[illegible]	—	3.0
32⅞	24⅛	Chrysler $6¼	29⅞	−⅛	$1.00	—	2.3
42⅛	27⅞	Citicorp $4	36	+⅞	$2.26	—	4.2
10⅛	662p	CityFed Fin. Corp.	826p	+7	40c	—	3.1
23⅛	18⅛	Colgate-P. $1	21⅛	−⅛	$1.36	—	4.2
57⅛	41	Colt Inds. $1	44⅞	+⅛	$2.50	—	3.0
29⅛	19⅛	Cons Freightways $0.625	26⅛	+1⅛	$1.10	—	2.8
714p	460p	Contl Illinois Corp $1	687p	+6	—	—	—
159p	40p	Cont Illinois Hldgs $1	84p	+8½	—	—	—
238p	40p	♦Corporate Data Scnc	40p	.....	—	—	—
36⅛	25⅛	Crown Zell. $5	29⅞xd	−1⅛	$1.00	—	2.4
44⅛	959p	Cullinet Sftwr $0.1	12⅞	−⅛	—	—	—
506p	225p	Damson Oil 40c	270p	+2	—	—	—
29	15⅞	Data Corp. $1	16⅞xd	+⅛	$1.28	—	4.6
67	22⅛	Data General	29⅛	−⅛	—	—	—
77p	15⅛	♦Denny-Lock Medical	15⅛	.....	—	—	—
67	49⅛	Dun & Bradstreet $1	55⅛	−⅛	$1.00	—	2.1
55⅛	36⅛	Eaton Corpn. 50c	48⅞	+⅛	$1.60	—	2.4
46⅛	34	♦Exxon$1	37⅞	+⅛	$3.60	—	6.4
20⅛	12⅛	FPL Group $0.01	19	−⅛	$1.96	—	6.9
974p	374p	Fin. Corpn. Amer. 50c	661p	+6	—	—	—
23⅛	14⅛	First Chicago $5	19⅛	−⅛	$1.32	—	4.6
17⅛	970p	Fluor Corpn. 62½c	100⅛	−⅛	40c	—	2.6

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont.

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

هكذا من الأصل

INDUSTRIALS—Continued

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

LEISURE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc

[illegible]

FINANCE, LAND—Cont.

[illegible]

OIL AND GAS

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

MINES—Continued

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

Tins

[illegible]

Miscellaneous

120	48	♥Colby Res Corp	60	−5	—	—	—
550	175	Cons. Murch. 10c	250xd	+5½	[illegible]	3.9	‡
40	24	‡Essex Int. Ir10p	28	.....	—	—	—
123	70	Greenwich Res	73	+1	—	—	—
215	115	Hampton Areas 10p	130	.....	3.75	0.9	3.9
260	135	♥Highwood Res	170	+5	—	—	—
£22½	£15¼	Homestake Mining $1	£18	+⅛	020c	—	0.7
310	155	♥McFinley Red Lake	200	.....	—	—	—
335	195	♥Mosto Explorations	260	+20	—	—	—
55	23	♥New Sabina Res C$1	40	.....	—	—	—
375	195	Northgate C$1	230	−10	—	—	—
685	507	RTZ	520	−2	†20.0	2.8	3.7
£145½	£114½	Do. 9½pcLn '95-2000	£115½	.....	Q9½%	14.0	8.3
980	812	♥Tara Expln $1	812	−15	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ● Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- ‡ Price at time of suspension.
- § Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ● Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- † Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¥ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ¢¢ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Figures based on prospectus or official estimates for 1984. W Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	182	.....	Fin. 13% 97/02	£105¾	.....
Craig & Rose £1	850	.....	Arnotts	230	.....
Finlay Pkg. 5p	45	.....	CPI Hldgs	55	.....
Holt (Jos) 25p	720	.....	Carrol Inds.	140xd	+4
IoM Stm. £1	57	.....	Dublin Gas	70	.....
			Hall (R. & H.)	56	.....
IRISH			Helton Hldgs.	25	.....
Fund 11¾% 1988	£97¾	.....	Irish Ropes	47	.....
Nat. 9¾% 84/89	£93½xd	+⅛	Unidare	128	.....

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This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £875 per annum for each security.

LONDON STOCK EXCHANGE

MARKET REPORT

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Dec 23	Jan 9	Jan 10	Jan 20
Jan 13	Jan 23	Jan 24	Feb 3
Jan 27	Feb 6	Feb 7	Feb 17

* "New-time" dealings may take place from 9.30 am two business days earlier.

Rising interest rates send equities and bonds into retreat

Rising interest rates soon doused an early attempt to extend Friday's technical recovery in London and shares and bonds ended the session weakly. The final tone was in sharp contrast to the early mood, for initial indications were that leading shares would begin the new trading Account firmly.

The FT Ordinary share index improved marginally, reflecting selective demand from smaller investors, but the tone began to ease in the absence of institutional interest. Fund managers were still prepared to adopt a wait-and-see attitude while the uncertainty aroused by the return of dearer money trends persisted.

Traders became anxious and pre-occupied with events in other London financial markets. A fresh rise in money market rates, which lifted three-months interbank to 13 per cent and a half-percentage point above the prevailing level of bank base rates, consequently triggered selling. From mid-morning onwards blue chip stocks went into retreat at a rather steady pace.

News of the latest and quite encouraging trend in producer prices was disregarded in a market becoming more sensitive about the political row over Westland. Opening dullness on Wall Street caused further trepidation but the FT-SE 100 share index, after registering a fall of 11.7, picked up as New York brightened to close 9.9 down on the day at 1384.6. Publicity given to the weekend pre-Budget strategy talks, which included scope for taxation cuts, made little impression on sentiment.

The combination of higher interest rates and a lower exchange rate—sterling fell to $1.4430 against the dollar—put paid to Friday's rally in Gilt-edged securities. Persistent selling found potential investors backtracking throughout and a mid-afternoon recovery soon faded to leave some longer-dated stocks showing falls of a point, and sometimes more, in the after-hours' trade. Shorter maturities recorded late losses stretching to ⅜, while index-linked were around ⅛ lower.

Wagon Finance up late

Wagon Finance highlighted a firm Hire Purchase sector, rising 15 after hours to 139p, after 143p, following surprise details of the agreed share-exchange offer from MAI, 5 lower at 355p. London Scottish Finance rose 3 to 78p in reply to the bumper annual figures and proposed 25 per cent scrip-issue, while speculative buying prompted gains of 1½ and 5 respectively in Cattles, 38½p, and Woodchester, 138p. Clearing banks drifted lower. Midland closed 7 off at 420p and NatWest 5 down at 683p.

Guinness encountered scattered offerings and dipped 8 to 305p; today's annual results are expected to reveal pre-tax profits of around £85m. Other leading Breweries drifted lower for want of attention. Bass eased 3 to 640p, after 638p, while Whitbread A lost 4 to 238p. Regionals, in contrast, continued to edge higher amid persistent takeover gossip. Davenports, still regarded as a likely target for Vaux, hardened 7 more to 325p, after a new high of 328p. Hopes of an increased offer from Argyll prompted fresh interest in Distillers which touched 538p before closing 4 up on balance at 535p. Argyll rose 8 to 358p.

Leading Buildings attracted selective support despite the rates. George Wimpey were again the subject of American buying and rose 5 more to 147p, while recently dull AMEC rallied 7 to 224p. Rugby Portland Cement firmed 4 to 138p on speculative buying, while Magnet and Southerns hardened a couple of pence to 144p awaiting tomorrow's half-timer. John Mowlem improved 6 to 316p and Ruberoid gained 7 to 195p.

Currency uncertainties held ICI in check and the close was 4 cheaper at 743p. Among other Chemicals, speculative counter British Benzol touched 71p on reports of a forthcoming broker's seminar before easing back to close only 1½ dearer on balance at 69p.

Stores give ground

Leading Stores failed to consolidate on the rally that developed late last week, and although trading was surprisingly thin, losses still ranged to double figures. Woolworth fell 11 to 480p, while GUS A shed 14 to 758p. Burton dipped 10 to 528p in front of today's annual meeting. Dixons, on the other hand, touched 917p before settling 5 dearer on balance at 912p as buyers continued to express optimism ahead of tomorrow's interim figures. Secondary counters were irregular. Ratners featured with a rise of 6 to 120p in response to the first-half profits and confident statement, while press comment lifted Ward White a similar amount to 262p, after 264p.

Secondary stocks provided were the focal points in Electricals. Dealings in Air Call were resumed following details of the proposed £9m sale of its data transmission subsidiary Consortium Communications International to GTE of the US, and the shares jumped from the pre-suspension level of 200p to touch 248p before closing 32 higher on balance at 232p. Favourable weekend press comment brought gains of 8 and 11 respectively to AB Electronics, 233p, and Wayne Kerr, 93p, while BSR hardened a couple of pence more to 80p, after 85p for the same reason. Stone International rose 6 to 164p in response to the American order, while buying ahead of tomorrow's interim figures left CAP 8 better at 195p. First Security moved up 4 to 124p after half-year results. Acorn Computer added 4 at 38p and Atlantic Computer jumped 23 to 235p. Among the leaders, Thorn EMI, still reflecting comment on the first-half results, lost 8 more at 399p. Racal softened a couple of pence to 174p as did British Telecom, to 188p. Plessey, however, moved up 2 to 174p following publication of its defence document against the £1.18bn offer from GEC, unaltered at 174p.

Leading Engineers rarely strayed from previous closing levels. Among the scattered movements elsewhere in the sector, press mention left William Cook 4 better at 78p, while a newsletter recommendation prompted buying interest in RHP which firmed 4 to 132p. C. and W. Walker rose 3 to 39p before dealings were suspended pending an announcement. Westland fluctuated narrowly before closing 3 firmer at 93p; Robert Fleming Management announced yesterday that it had sold 5.3m shares to an unnamed buyer. Renewed demand left Ransomes Sims up 7 more at 133p.

Cadbury Schweppes came on offer and fell 8 to 144p following the company's statement confirming that the outcome for 1985 will be depressed by the restructuring of its North American interests which are expected to incur a loss for the year; Cadbury also revealed yesterday that it is at an advanced stage in negotiations for the sale of the bulk of its beverage and food divisions to a team of managers for some £82.5m. Elsewhere in the Food sector, United Biscuits opened higher at 237p following favourable press comment, but subsequently drifted back to close only a penny dearer on balance at 233p. S. & W. Berisford came under renewed selling pressure and shed 5 to 148p, while Tate and Lyle softened 3 to 532p. Pyke Holdings 1.¼ 8 to 410p as Hillsdown Holdings' offer went unconditional.

Nervous offerings in front of tomorrow's annual results left Trusthouse Forte 6 lower at 154p. Grand Metropolitan lost the same amount to 370p. Scotts Restaurants were suspended at 565p at the company's request pending details of the agreement to purchase Connaught Restaurants for £2.17m.

Granada good

Inclined firmer initially, leading miscellaneous industrials drifted off on lack of follow-through support. Beecham settled 10 lower at 323p and Boots 6 cheaper at 238p, while BTR finished 7 off at 366p. Elsewhere, Granada featured with a further gain of 14 at 238p on hopes of a merger with Ladbroke; the latter gave up 7 at 322p. A flurry of takeover speculation left Beatson Clark 17 higher at 155p, while R. K. Watson, still awaiting news of the recent bid approach, firmed 8 to 250p. Smaller priced issues to respond to trading statements included Armour Trust 2½ up at 26p, after 30p, and Burndene Investments, 4½ better at 28½p. Weekend Press mention stimulated buying interest in LDH which improved 4 to 30p and Elbief, 2½ higher at 32p. Pentland staged a useful revival and closed 25 to the good at 320p, but British Aerospace met selling at 448p, down 13. News of the offer from Wyndham Group left John Williams Cardiff 7 higher at 27p. Williams Holdings, 403p, and Evered, 178p, recorded gains of 8, while a newsletter recommendation left Stainless Metalcraft 5 firmer at 95p. Reuters edged up 5 more to 367p, but Valor eased 6 to 218p after last week's speculative flurry. Reports that the company has run into problems with its "Video Collection" catalogue prompted weakness in Prestwich which fell to 95p before closing at 105p, down 12.

Rex Williams jumped 4 to 20½p in response to an investment recommendation. Elsewhere in the Leisure sector, Media Technology International reflected demand in a restricted market with a rise of 24 at 211p, while takeover hopes lifted Campari a few pence to 40p.

Jonas Woodhead stood out among generally firm Motor Components, rising 5 to 39p, after 41p, in response to Press comment. Armstrong Equipment hardened 2½ to 73p.

A sudden flurry of speculative buying lifted Good Relations 17 to 130p, while Saatchi advanced 20 to 785p on US demand.

Property leaders made a drab showing. Land Securities and MEPC both shed 5 to the common price of 283p, while Peachey lost the same amount to 256p. Selected secondary issues moved against the dull trend and County Properties gained 7 to 132p on buying ahead of tomorrow's annual results sentiment here was also boosted by the strength of associate McLeod Russel, up 8 at 315p. Phoenix Property continued to attract support and firmed 2 to 70p.

Textiles lacked a decided trend. Press comment lifted Lister 5½ to 70p, while Allied Textile, scheduled to reveal preliminary results later this month, added 10 more at 430p. Coats Patons, however, dipped a few pence to 147p following a cautious circular from broker Phillips and Drew.

Bats, recently the subject of a clutch of broker's bullish circulars, advanced 13 to 323p, partly reflecting talk of a bid from BTR. Bats also revealed details of the proposed restructuring of its US retailing operations.

Oils easier

The oil sector was again unsettled by a further decline in crude spot prices. The leaders drifted for much of the day before steadying after-hours. BP and Shell eased around 3 apiece at 539p and 670p respectively, while LASMO remained a depressed market following the recent deal with RTZ and fell 8 to 195p. Burmah initially improved to 303p following Press comment but slipped back to close only 3 up on balance at 300p. Goal Petroleum highlighted second-liners and advanced 6 to 58p on rumours of a bid from Ultramar; Goal "new" improved 4 to 23p premium. Elsewhere Australia's Meridian Oil added 3 at 23p following US buying.

Golds firmer

The recent upsurge in South African sectors of mining markets was looking fragile during early trading when the bullion price dipped back below $340 an ounce, reflecting the strength of the dollar against sterling. However, attempted profit-taking from Johannesburg—prompted by the latest appreciation in the Rand—quickly petered out and the emergence of renewed and persistent buying of Golds from London and Continental operators soon had share prices on an even keel. Later in the session interest picked up as the metal price advanced afresh to close 25 cents up on balance at $341 an ounce.

Activity in Golds was additionally sustained by the recent good profit performances announced by the mines in the Gold Fields group and hopes that the South African currency will continue its recovery.

The Gold Mines index moved above the 300 level for the first time since the end of November and posted a 1.8 rise at 300.2—an advance of more than 50 points since the New Year.

Dealers reported a marked increase in turnover in Australians and especially in the Gold stocks. In the top-quality down-under golds Gold Mines of Kalgoorlie moved up 12 more to 445p, while Poseidon added 8 at 146p, and Sons of Gwalia 6 to record 166p. Metana rose 7 to 137p.

Traded Options

Generally subdued trading in the underlying stocks restricted turnover in Traded Options to 11,495 contracts—8,177 calls and 3,318 puts. The FT-SE index contributed a lively and evenly-balanced business with 1,091 calls and 1,030 puts transacted. Elsewhere, Lonrho remained to the fore with 998 calls struck, while above average activity was noted for Grand Metropolitan, Courtaulds and Distillers. Bats attracted 487 calls and 322 puts.

FINANCIAL TIMES STOCK INDICES

	Jan. 13	Jan. 10	Jan. 9	Jan. 8	Jan. 7	Jan. 6	year ago
Government Secs	80.95	81.45	81.19	81.56	81.79	82.13	79.91
Fixed Interest	87.48	87.87	87.85	87.96	88.15	88.51	84.12
Ordinary ♥	1108.8	1119.8	1106.1	1123.8	1135.5	1141.8	949.3
Gold Mines	300.2	298.4	280.8	286.5	277.2	267.4	465.8
Ord. Div. Yield	4.46	4.43	4.47	4.41	4.67	4.34	4.55
Earnings, Yld. %(full)	10.94	10.85	11.12	10.96	10.86	10.80	11.50
P/E Ratio (net) (*)	11.35	11.44	11.11	11.26	11.36	11.43	10.42
Total bargains (Est.)	24,673	24,186	25,488	25,138	26,362	23,856	32,775
Equity turnover £m.	—	483.58	670.16	667.47	517.97	456.77	515.41
Equity bargains	—	24,515	24,191	23,031	24,739	27,244	29,623
Shares traded (ml)	—	244.7	272.2	245.8	294.0	247.2	255.5

♥ 10 am 1122.2. 11 am 1117.9. Noon 1113.2 1 pm 1110.3 2 pm 1108.3 3 pm 1106.7. 4 pm 1109.1. Day's High 1123.1. Day's Low 1108.7. Basis 100 Government Securities 15/10/26. Fixed Interest 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974. Latest index 01-246 8026. *Nil=10.32.

HIGHS AND LOWS / S.E. ACTIVITY

—	1985/6 High	1985/6 Low	Since Compilat'n High	Since Compilat'n Low	Indices	Jan. 8	Jan. 10
Govt. Secs.	84.57 (18/10/85)	78.09 (28/1/85)	127.4 (9/1/35)	49.18 (3/1/75)	Daily Gilt Edged Bargains	143.1	141.2
Fixed Int.	90.98 (28/10/85)	82.17 (28/1/85)	150.4 (28/11/47)	50.53 (3/1/75)	Equities Bargains	149.2	159.5
					Value	108.6	97.7
Ordinary	1149.6 (3/1/86)	911.0 (5/12/85)	1149.6 (3/1/86)	49.4 (26/6/40)	5 day Average Gilt Edged Bargains	118.2	140.0
Gold Mines	536.9 (15/4/85)	917.6 (5/11/85)	734.7 (15/2/83)	43.5 (26/10/71)	Equities Bargains	142.4	150.5
					Value	861.3	1056.9

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon Jan 13 1986 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	xd adj. 1986 to date	Fri Jan 10 Index No.	Thurs Jan 9 Index No.	Wed Jan 8 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (214)	577.19	—	9.98	4.00	12.56	0.00	577.38	571.04	581.44	548.62
2	Building Materials (24)	623.77	+0.1	10.62	4.35	11.80	0.00	623.04	614.47	624.47	488.07
3	Contracting, Construction (28)	938.49	+0.7	10.17	4.61	12.69	0.49	932.22	918.74	930.15	728.31
4	Electricals (13)	1531.96	+0.2	9.42	4.09	13.84	0.00	1528.21	1541.55	1564.29	1634.62
5	Electronics (39)	1459.00	+0.2	10.25	3.12	12.79	0.00	1456.80	1436.35	1465.08	1894.08
6	Mechanical Engineering (63)	323.39	—	10.84	4.51	11.22	0.13	323.51	321.48	327.94	281.15
8	Metals and Metal Forming (7)	249.16	+0.7	8.84	6.56	13.80	0.00	247.33	244.35	246.96	165.88
9	Motors (18)	210.45	−0.1	11.37	4.35	10.70	0.00	210.69	208.97	215.70	146.93
10	Other Industrial Materials (22)	1006.48	−0.9	7.58	3.53	15.71	0.07	1015.82	1006.71	1028.56	829.19
21	CONSUMER GROUP (183)	748.87	−0.6	8.85	3.70	14.19	0.37	753.11	744.28	756.57	609.86
22	Brewers and Distillers (23)	773.84	−1.1	9.76	3.99	13.15	0.05	782.21	774.54	782.36	552.67
25	Food Manufacturing (22)	556.48	−0.9	10.77	4.53	12.01	0.96	561.38	555.50	570.59	487.36
26	Food Retailing (14)	1718.46	−0.3	6.82	2.64	19.81	2.92	1723.22	1709.81	1747.31	1403.98
27	Health and Household Products (9)	1184.57	−1.1	6.45	2.77	18.21	0.82	1197.49	1189.34	1209.34	989.77
29	Leisure (25)	757.94	−0.5	7.39	4.40	17.27	0.50	762.11	756.73	764.91	684.53
32	Publishing & Printing (13)	1847.67	−0.2	8.68	4.93	14.27	2.36	1851.67	1834.16	1860.68	1512.76
33	Packaging and Paper (15)	364.87	+0.4	9.40	4.35	12.62	0.00	363.27	362.52	368.93	295.35
34	Stores (43)	724.12	−1.2	7.36	2.99	18.37	0.01	733.18	715.86	723.03	531.48
35	Textiles (16)	379.21	−1.1	11.71	4.53	9.68	0.00	383.39	379.37	386.32	311.91
36	Tobaccos (3)	900.37	+2.9	14.64	5.15	7.79	0.00	875.14	873.47	893.05	910.28
41	OTHER GROUPS (84)	706.47	−0.4	9.69	4.18	13.53	0.02	709.03	707.67	716.06	635.51
42	Chemicals (19)	732.46	−0.4	13.69	5.29	9.66	0.08	735.25	733.58	747.81	739.76
44	Office Equipment (4)	212.85	−1.2	7.48	4.12	15.94	0.00	215.52	217.16	219.25	160.57
45	Shipping and Transport (12)	1338.32	−0.1	7.65	4.33	16.28	0.08	1339.73	1327.21	1338.94	1052.66
47	Telephone Networks (2)	870.34	−0.7	9.47	3.77	14.48	0.00	876.62	883.44	884.77	751.38
48	Miscellaneous (47)	883.43	+0.3	7.73	3.64	15.79	0.00	880.03	864.26	888.36	810.62
49	INDUSTRIAL GROUP (481)	701.02	−0.4	9.34	3.87	13.58	0.20	703.70	697.29	708.29	609.93
51	Oil & Gas (19)	1110.16	−0.7	18.61	7.08	6.38	0.00	1118.07	1107.88	1127.73	1049.79
59	500 SHARE INDEX (500)	736.23	−0.4	10.43	4.35	11.99	0.19	739.33	732.53	744.34	646.98
61	FINANCIAL GROUP (119)	513.78	−0.5	—	4.76	—	0.03	516.31	513.14	522.07	432.53
62	Banks (7)	524.37	−0.5	17.60	5.97	8.02	0.00	526.74	521.39	529.85	426.54
65	Insurance (Life) (9)	784.89	−0.1	—	4.33	—	0.00	786.01	780.63	804.66	585.91
66	Insurance (Composite) (7)	412.38	−0.9	—	4.76	—	0.00	416.09	418.96	414.09	325.71
67	Insurance (Brokers) (8)	1179.90	−0.5	7.18	4.40	18.61	0.95	1185.81	1181.62	1215.33	1047.58
68	Merchant Banks (11)	283.01	+0.1	—	3.68	—	0.00	282.64	283.19	285.45	239.24
69	Property (51)	647.10	−1.1	6.12	3.80	21.85	0.00	654.23	654.95	665.83	618.35
70	Other Financial (26)	291.88	+0.6	8.04	4.54	14.09	0.04	290.19	290.10	293.15	274.48
71	Investment Trusts (103)	640.21	−0.2	—	3.35	—	0.27	641.41	642.33	649.77	575.85
81	Mining Finance (3)	246.33	−0.8	13.58	6.31	8.57	0.00	248.25	243.28	246.70	273.17
91	Overseas Traders (14)	610.95	−0.2	13.36	6.55	8.86	0.00	612.43	607.09	618.96	639.87
99	ALL-SHARE INDEX (739)	672.02	−0.4	—	4.41	—	0.15	674.87	669.26	680.04	590.17

	Index No.	Day's Change	Day's High	Day's Low	Jan 10	Jan 9	Jan 8	Jan 7	Jan 6	Year ago
FT-SE 100 SHARE INDEX	1384.6	−9.9	1397.5	1382.8	1394.5	1379.6	1404.2	1415.2	1424.1	1229.5

FIXED INTEREST

	PRICE INDICES	Mon Jan 13	Day's change %	Fri Jan 10	xd adj. today	xd adj. 1986 to date
	British Government					
1	5 years	116.95	−0.29	117.29	—	0.36
2	5-15 years	127.57	−0.70	128.47	—	0.00
3	Over 15 years	133.51	−0.76	134.53	—	0.23
4	Irredeemables	146.90	−0.65	147.86	—	0.00
5	All stocks	126.52	−0.56	127.24	—	0.17
6	Debentures & Loans	109.56	+0.10	109.56	0.11	0.11
7	Preference	81.43	−0.22	81.75	0.14	0.14
	BRITISH GOVERNMENT INDEX-LINKED STOCKS					
6	All stocks	105.76	−0.52	106.31	—	0.09

	AVERAGE GROSS REDEMPTION YIELDS		Mon Jan 13	Fri Jan 10	Year ago (approx.)
	British Government				
1	Low	5 years	10.07	9.96	11.12
2	Coupons	15 years	10.54	10.46	10.86
3		25 years	10.55	10.46	10.32
4	Medium	5 years	11.78	11.64	11.83
5	Coupons	15 years	10.99	10.88	11.26
6		25 years	10.60	10.50	10.65
7	High	5 years	11.92	11.75	11.94
8	Coupons	15 years	11.18	11.07	11.40
9		25 years	10.69	10.59	10.72
10	Irredeemables†		10.24	10.17	10.18
11	Debs &	5 years	12.06	12.10	12.10
12	Loans	15 years	11.66	11.67	11.97
13		25 years	11.65	11.66	11.97
14	Preference†		12.02	11.99	12.08
15	Inflation rate	5%	4.02	3.98	3.51
16		10%	3.84	3.80	3.34

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Air Call	232	+32
BAT Inds	323	+13
Cadbury Schweppes	144	−8
Gabicci	117	+8
Goal Petroleum‡	23pm	+4
Good Relations	130	+17
Granada Group	238	+14
Imperial Group	244	—
Pentland Inds	320	+25
Prestwich	105	−12
Royal Insce	795	−7
Trusthouse Forte	154	−6

‡ Nil-paid

FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Fri. close	Day's change
Westland	36	90	+2
Cns Gld Fields	29	487	+12
Boots	22	244	+5
Beecham	20	333	+10
Guinness	20	313	+14
Reuters B	20	362	+17
BSR Intl	18	78	+8
Metal Closures	19	138	+2
Gailey (C. H.)	15	25¼	+2¼
Burmah Oil	18	297	+15
STC	18	104	+4
Wimpey (Geo)	16	142	+8

EUROPEAN OPTIONS EXCHANGE

Series		Feb. Vol.	Feb. Last	May Vol.	May Last	Aug. Vol.	Aug. Last	Stock
GOLD C	$300	—	—	5	50	—	—	$339.90
GOLD C	$320	15	24	16	30	—	—	"
GOLD C	$340	209	7	55	14	30	29	"
GOLD C	$360	559	2.50	14	7A	105	10.80	"
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOTAL VOLUME IN CONTRACTS: 33,160

A=Ask B=Bid C=Call P=Put

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1985/6 High	1985/6 Low	Stock	Closing price p	+or−	Net dividend	Times covered	Gross yield	P/E ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1985/6 High	1985/6 Low	Stock	Closing price £	+or−
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

RIGHTS OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1985/6 High	1985/6 Low	Stock	Closing price p	+or−
$A2.75	Nil	21/2	40pm	27pm	ANZ $A1	41pm	+1
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
R8.50	Nil	—	130pm	130pm	East Rand Prop	130pm	...
32	Nil	21/2	25pm	17pm	Goal Petroleum 5p	25pm	+4
68	F.P.	24/1	71	68	Hartwells	68	...
240	Nil	31/2	40pm	29pm	Hogg Robinson	30pm	+1
16	Nil	19/2	1¼pm	1pm	Flimtec 10p	1¼pm	+¼
120	Nil	28/1	125	110	Ind. Scot. Energy £1	110	...
280	F.P.	31/1	304	288	Lovell (Y. J.)	292	...
475	F.P.	31/1	550	510	Mountleigh	535	+5
368	Nil	—	80pm	40pm	Peel Hldgs	40pm	...
166	F.P.	28/2	172pm	164pm	Smith Bros.	164	...
13	Nil	7/3	3½pm	3pm	Stormgard 10p	6pm	...
200	Nil	—	26pm	25pm	Telfos Units	26pm	...
70	Nil	17/2	14pm	13pm	Triplex	13pm	−1
59	Nil	28/9	59pm	45pm	Unigroup 15p	45pm	...

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimates. *g* Assumed dividend and yield. F Forecast dividend cover on earnings updated by latest interim statement. H Dividend and Yield based on prospectus or other official estimates for 1986. *t* Indicated dividends: cover relates to previous dividend; p/e ratio based on latest annual earnings. *u* Forecast otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. § Placing price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ‖‖ Allotment price. ‡‡ Dealt in under Rule 535 (3). ♥ Dealt in under Rule 535 (4) (a). † Units comprising five ordinary and one warrant. * Units comprising 12 preference shares and one warrant at £12 per unit. †† Units comprising two ordinary, one preference and one warrant.

NEW HIGHS AND LOWS FOR 1985/86

NEW HIGHS (42)

BANKS (1) Banco de Santander. BREWERS (2) Davenports, Distillers. BUILDINGS (2) Nottingham Brick, Wimpey (George). CHEMICALS (1) Sole BPO. STORES (1) Hollas. ELECTRICALS (3) First Castle, Sunleigh Elect., Telefonica (Compania). ENGINEERING (5) Banro Inds., Domnisbrae, Linread, Noble & Lund, RHP. FOODS (2) Argyle Group, Meat Trade Suppliers. HOTELS (1) Ryan Hotels. INDUSTRIALS (9) Armour Trust, Beatson Clark, Burndene Invs., Granada, LDH, Ozalid 8pc Cnv. 1987/92, Russell (A.), Stainless Metalcraft, Wedgwood. INSURANCE (1) Willis Faber. LEISURE (2) Media Tech. Intl., TVS NV. MOTORS (3) Davis (Godfrey), Jessups, Perry. NEWSPAPERS (1) Independent. TRUSTS (5) Camerian & Gen., Ensign Trust, Do. B, Brixt Invs., Keystone Invs. MINES (3) Free State Dev., Sons of Gwalia, Thames Mining.

NEW LOWS (34)

BRITISH FUNDS (8) Exch. 14pc 1986, Exch. 13¼pc 1987, Exch. 10¼pc Cn. 1989, Treas. 10pc 2001 Con. 9½pc 2001, Treas. 10pc 2004 Conv. 9½pc 2005, Treas. 2½pc I.L. 2013. INTL. BK. & OVERSEAS GOVT. STLG. ISSUES (1) Malaysia 10¼pc Ln. 2009. LOANS (1) Nationwide Bldg. Soc. 12½pc 30.6.86. CANADIANS (2) BCE, Trans. Can Pipe. BANKS (3) Gerrard & Natl., London Scot. Fin., Wagon Finance. CHEMICALS (2) Morley (R. H.), Scottish Agric. Inds. STORES (1) Acis Jewellery. ELECTRICALS (1) Arcolectric A N.V. ENGINEERING (1) Simon Eng. INDUSTRIALS (1) Powell Duffryn. LEISURE (1) Miss World. PAPER (2) Barham Group, Moorgate Group. PROPERTY (1) Ldn. Provincial Shop. TEXTILES (2) Bulmer & Lumb, Hickings Pentecost. OILS (5) Egliston Oil & Gas, Enterprise Oil, LASMO, Moonie Oil, Premier Cons. MINES (2) Geevor Tin, Tronoh Mines.

TRADITIONAL OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Jan 6	Jan 17	Apr 10	Apr 21
Jan 20	Jan 31	Apr 24	May 6
Feb 3	Feb 14	May 8	May 19

For rate indications see end of Unit Trust Service

Stocks favoured for the call included Bestwood, Strong and Fisher, SCUSA, Pavion, Oceonics, British Benzol Carbonising, Prestwich, Lonrho, Enterprise Oil, Reliant Motor, PWS International, Sunleigh Abaco Investments, Group Lotus, A & M Hire, Pentos, Rex Williams Leisure, Amstrad, Atlantic Resources, STC, Burmah, Alphameric, Sale Tilney, Parkfield, Energy Capital, Noble and Lund, Vosper, Midland Bank and George Wimpey. No puts or doubles were reported.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	8	108	1
Corpns Dom & Foreign Bonds	2	37	42
Industrials	414	267	824
Financial & Props	90	105	375
Oils	31	24	72
Plantations	4	0	14
Mines	100	21	60
Others	104	47	80
Totals	745	609	1,468

LONDON TRADED OPTIONS

Option		Calls Jan.	Calls Apr.	Calls July	Puts Jan.	Puts Apr.	Puts July
B.P. (*541)	500	42	57	73	1	14	21
	550	4	27	40	14	49	50
	600	1	10	20	63	80	85
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Calls Feb.	Calls May	Calls Aug.	Puts Feb.	Puts May	Puts Aug.
P. & O. (*437)	360	85	—	—	1	—	—
	390	55	60	—	9	5	—
	420	30	43	53	8	18	25
	460	10	18	28	30	35	43
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

January 13 Total contracts 11,495 Calls 8,177 Puts 3,318

*Underlying security price

WORLD STOCK MARKETS

AUSTRIA

[illegible]

BELGIUM/LUXEMBOURG

[illegible]

DENMARK

[illegible]

FRANCE

[illegible]

GERMANY

[illegible]

ITALY

[illegible]

NETHERLANDS

[illegible]

NORWAY

[illegible]

SPAIN

[illegible]

SWEDEN

[illegible]

SWITZERLAND

[illegible]

AUSTRALIA

[illegible]

AUSTRALIA (continued)

[illegible]

HONG KONG

[illegible]

JAPAN

[illegible]

JAPAN (continued)

[illegible]

SINGAPORE

[illegible]

SOUTH AFRICA

[illegible]

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Schillings.

CANADA

TORONTO

Prices at 2.30pm January 13

[illegible]

F—No voting rights or restricted voting rights.

Indices

NEW YORK—DOW JONES

[illegible]

STANDARD AND POORS

[illegible]

N.Y.S.E. ALL COMMON

[illegible]

RISES AND FALLS

[illegible]

NYSE-Consolidated 1500 Actives

[illegible]

TORONTO

[illegible]

MONTREAL Portfolio

[illegible]

[illegible]

SWEDEN Jacobson & P (1/1/58)	1980.57	1951.68	1,967.62	1967.23	1967.23 (8/1/86)	1286.32 (8/7)
SWITZERLAND Swiss BankCpn(31/12/58)	586.5	594.5	616.2	623.6	625.5 (3/1/86)	596.7 (6/1/85)
WORLD M.S. Capital Intl. (1/1/70)	—	255.3	256.2	256.8	259.8 (7/1/86)	184.6 (4/1/85)

** Saturday January 4: Japan Nikkei 13,136.9. TSE 1,049.13.

Base value of all indices is 100, except: JSE Gold—255.7; JSE Industrial—264.3; Australia All Ordinary and Metals—500; NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

OVER-THE-COUNTER *Nasdaq national market, 2.30pm prices*

Continued from Page 43

[illegible]

NYSE COMPOSITE PRICES *Prices at 3pm, January 13*

Continued from Page 43

[illegible]

LONDON Chief price changes (in pence unless otherwise indicated)

RISES		
Air Call	232	+32
BAT Inds.	323	+13
Beatson Clark	155	+17
Conty Props. B	132	+ 7
Goal Petroleum	58	+ 6
Good Relations	130	+17
Granada Group	238	+14
Lister	70	+5½
Media Tech. Intl.	211	+24
Metana Minerals	137	+ 7
Pentland Inds.	320	+25
Ransomes Sims	133	+ 7
Ratners (Jewells)	120	+ 6
Rugby Port. Cem.	138	+ 4
Sons of Gwalia	166	+ 6
Wagon Finance	139	+15
Williams (J.)	27	+ 7
Williams (Rex)	20½	+ 4
Wimpey (George)	147	+ 5
Woodhead (Jon.)	39	+ 5

FALLS		
Ex 12½% 1990	£102	— 11/16
Tr 12½% 03/05	£113¾	— 1
Tr 2½% IL '20	£86⅝	— ½
Beecham	323	—10
British Aero	448	—13
Cadbury Sch	144	— 8
Ladbroke	322	— 7
Prestwich	105	—12
Thorn EMI	399	— 8
Trusthouse Forte	154	— 6

Prices at 3pm, January 13

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 43

NYSE COMPOSITE PRICES

Continued from Page 42

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
53½	44	Norstr pf4.19e	8.3			101	50⅝	50	50⅝	+⅛
19	13¾	Nortek .08	.5	6	63	14⅞	14⅝	14⅝	−⅛
72⅞	48½	NACoal1.10	1.7	6	66	66	66½	66½	−1	
45¼	31⅝	NAPhil 1	2.7	11	112	37¼	36⅞	37	+⅛	
20⅛	13¾	NEurO 1.90e	10.	9	61	18⅝	18½	18⅝	−⅛	
18¾	13¾	NoestUt1.58	8.6	8	1658	18⅝	17¾	18	−⅛	
12⅞	8⅝	NIndPS1.56j		10	1836	10½	10¼	10⅜		
47¼	33¼	NIPS pf4.25e	12.		12	34½	34¼	34¼	−¼	
54¾	41⅝	NoStPw3.52	7.0	9	1073	51	50	50¼	−½	
37	30½	NSPw pf3.60	10.		z350	37	35½	35½		
41⅛	31¼	NorTel .50			1054	32⅞	32½	32¾	+⅜	
4⅞	2⅞	Nthgat g			86	3⅜	3⅜	3⅜		
56⅝	31⅝	Nortrp 1.20	2.8	8	755	43⅝	42¾	42⅞	−¾	
24	20⅝	NwtP pf2.36	10.		1	22½	22½	22½		
15	8	NwStW			1	14⅛	14⅛	14⅛	+⅛	
40¾	33	Norton 2	5.3	14	170	38⅛	37⅞	37⅞	+⅛	
32½	22⅞	Norwst1.80	5.9	9	169	31½	30¾	30¾	−⅝	
55⅝	50	Nwst pf5.47e	11.		20	52	52	52	+⅞	
35	23⅝	Novo .28e	1.0	12	372	27¾	27	27	−¾	
55¾	32	Nucor .40	.8	13	230	53¼	51	53	+2	
3¾	3	NutriS .08j			101	5¼	5⅛	5¼		
99⅜	73¾	NYNEX6.40	6.8	9	689	95	94	94¾	+½	
		O O O								
3	1⅛	Oakind			329	2	1⅞	1⅞		
36½	26½	OakiteP1.52	5.2	12	36	29¾	29½	29½	+⅛	
36¾	25½	OcciPe2.50	8.4	5	5585	29⅞	29⅝	29⅝	−¼	
15⅝	10⅛	OcciP wt			151	12	12	12	−⅛	
26⅛	20½	OcciP pf2.50	10.		4	24½	24¼	24½		
23	17½	OcciP pf2.12	9.6		1	22	22	22		

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
78⅝	60	VaE pf7.72	10.		z700	75	75	75	−3
77	58⅝	VaEP pf7.45	9.9		z50	75	75	75	+1
24	17¼	Vishay s			6	22¼	22	22	
65	33½	Vornad		23	59	65¼	65⅛	65¼	−⅛
91¼	69½	VulcnM2.80	3.1	14	13	89	89	89	
		W W W							
31⅞	25	WICOR2.42	8.0	8	41	30⅝	30⅛	30¼	
27⅞	16⅝	Wackht .60	2.4		55	24⅞	24⅝	24⅝	−⅛
10¾	6	Wainoc			68	7⅛	7	7⅛	+⅛
34½	20⅞	WalMrt s .14	.5	26	4340	30¼	29⅞	30	+⅜
30¼	22¼	Walgrn s.50	2.0	16	1981	25⅝	25¼	25¼	−¼
25⅝	18⅝	WkHReg1.40			86	21⅞	21¾	21⅞	+⅛
40⅝	30½	WalCSv .60	1.3	17	63	39⅛	39⅛	39¼	−⅛
44½	31	WallJnI.40	3.3	9	881	42⅝	42⅛	42⅝	−⅜
59⅝	43⅞	WaltJ pf1.60	2.8		1	58⅝	58⅝	58⅝	−⅜
32½	15½	Warnco .88	2.6	16	511	30⅝	30⅜	30⅝	+⅛
38⅝	20½	WrnCm			1164	38⅛	37⅞	37⅞	−⅛
49⅝	33¾	WarnrL1.56	3.3	16	1461	47⅝	47⅛	47⅛	−⅜
29½	18⅝	WashGs1.68	8.0	8	77	20⅞	20⅝	20⅞	+⅜
29⅝	21⅛	WshNat1.08	4.3	9	32	25⅜	24⅞	25⅛	+¼
25⅝	18⅝	WshWt 2.48	10.	8	196	24⅝	24½	24⅝	+⅛
38	22¾	Waste s			823	36½	35¾	36⅝	
29⅝	21⅛	WatkJn .36	1.3	13	86	27¼	26⅝	27⅛	−⅛
12½	6⅝	WayGos.20	2.1	16	22	9¾	9⅝	9⅝	+⅛
24	19½	WayG pf1.60	7.5		1	21¼	21¼	21¼	
12½	3⅝	WeanU			25	4⅛	4	4	
23⅝	14⅝	WebbD .20	.9	11	200	22½	22	22	−⅜
12	8	Wedtch		15	64	10¾	10⅝	10¾	+⅜
20⅞	19	WeinR s.36	1.8		12	20⅝	20⅝	20⅝	+⅛
42	23¼	WeisMk .50	1.3	22	46	40	39½	39⅝	
65⅝	47⅞	WellsF 2.72	4.2	8	47	64⅝	64⅛	64¼	+⅛
26¾	20½	WelFM2.80	11.	11	74	24⅝	24½	24⅝	
19⅝	12⅝	Wendys .24	1.5	16	998	16⅝	16⅛	16⅜	−⅜
27¼	17⅝	WestCo .48	1.9	14	27	25⅝	25	25¼	+⅛

Continued on Page 41

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begins with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

Prices at 3pm, January 13

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
[illegible]							

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]					

Continued on Page 41

FINANCIAL TIMES
WORLD STOCK MARKETS

WALL STREET

Brave start made to a difficult week

A BRAVE start was made on Wall Street yesterday to what promises to be a difficult week for both the stock and fixed-interest markets, *writes Terry Byland in New York.*

Good results from NCR helped industrial stocks to edge forward after a dull start. Bond prices eased ahead of today's disclosure of US retail sales statistics for December, which will provide a significant guide to the pace of the economy, and of interest rate prospects.

At the close the Dow Jones industrial average was up 7.00 at 1,520.53.

Turnover in the stock market was moderate and speculative situations played a less dominant role. In addition to federal statistics on retail sales, consumer debt, industrial production, and business inventories, this week brings IBM's profits statement, a major test of investment confidence.

Technology stocks moved cautiously into the corporate reporting season as NCR disclosed good results, highlighted by evidence that business expanded smartly in the final quarter of 1985. At $39 NCR stock added $⅛ on the results.

IBM edged forward $½ to $149 in modest turnover. Wall Street hopes to see stable earnings for 1985 at IBM but will look carefully at the final quarter for signs of benefit from the fall in the dollar.

Among other technology and computer stocks with results due, Honeywell jumped $1⅛ to $73, but Burroughs eased $1 to $61⅞. Digital Equipment, second to IBM, gained $1 to $134⅞.

There was brisk trading in GTE Corporation, up $⅝ at $47⅞, on reports that it is considering spinning off its loss-making Sprint long-distance telephone operations. But AT&T firmed $⅛ to $24, undisturbed by the possibility that Sprint might be merged with a subsidiary of United Telecommunications to form a new contender for US long-distance telephone markets.

A single deal in US Steel took the stock high up the list of NYSE active issues, leaving the price $⅛ off at $25½.

The flow of banking results continued, finding a cautiously favourable response from the stock market. Irving Trust gained $1⅜ to $44½ in minimal turnover, and others responding to results statements were Chase Manhattan, up $⅞ to $73⅞, and J.P. Morgan, up $⅝ at $63⅝.

Texaco responded warily after a federal judge strengthened its hand in the legal battle with Pennzoil over the $11.1bn payment imposed on Texaco by a Texas court. At $31⅛, Texaco eased $⅝ in subdued trading while Pennzoil fell $2⅛ to $68⅞.

Trading in Merrill Lynch, last week's favourite of the takeover speculators, died away, leaving the stock $⅛ off at $36⅞. Aetna Life, which refused comment on rumours that it is interested in Merrill, gained $⅝ to $53⅛, while Chrysler, down $⅛ to $43⅞, finally quashed suggestions that another move into financial services was pending.

Other motor stocks firmed, despite bearish reviews in the investment press. General Motors added $⅞ to $70⅞ and Ford $⅜ to $56⅜.

Allied-Signal eased $⅛ to $45⅞ in active trading on suggestions that it might take a hand in the tussle for Westland, the UK helicopter manufacturer.

As the dust settled following the latest legal ruling on the instant camera patent dispute, Eastman Kodak edged up $⅝ to $47 while Polaroid dipped $1 to $47⅛.

As Wall Street braced itself for news on the Christmas selling season, retail stocks edged lower. BAT Industries of the UK responded favourably to the decision to restructure its US retail operations and sell Gimbels, the retail chain. At $4⅝, BAT, traded as American Depositary Receipts, added $⅟₁₆.

A high federal funds rate kept credit markets subdued. Funds rate remained at 8⅟₁₆ per cent, despite overnight system repurchases by the Federal Reserve when the rate touched 8¾ per cent.

Ahead of the weekly bill auction, swollen to $14.8bn, Treasury-bill rates eased a shade. In the bond market prices were down by ¼ point.

TOKYO

Rising rates deal blow to confidence

RISING US interest rates discouraged Tokyo investors yesterday and hit share prices for the third consecutive day, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei average fell 21.19 from last week's close to 12,977.02. Declines outnumbered advances by 350 to 440, with 148 issues unchanged. Volume decreased from Friday's 307.67m shares to 199.38m.

The rise in US interest rates in the middle of last week depressed the enthusiasm of investors who had thought joint efforts by Japan and the US to lower interest rates would help to push up share prices.

Securities houses' dealer sections and some speculators, who had led market activity since the beginning of this year, shied away because of uncertainty over US interest-rate trends.

Many investors were awaiting the announcement of preliminary figures for fourth-quarter US gross national product scheduled for January 22.

Therefore, only incentive-backed issues were selected individually in yesterday's trading.

Sumitomo Metal Mining topped the active list but its trading volume was relatively low at 6.61m shares, followed by C. Itoh, with 4.21m shares traded.

The recent rise in gold prices sent the Sumitomo share higher because its Hishikari gold mine in Kagoshima Prefecture, southern Japan, proved to have a gold content of 126 grammes a ton, rather than the 80 grammes anticipated by the company. The issue gained Y30 to Y2,000.

C. Itoh, which has closer trade relations with the Soviet Union than other trading houses, came in to the spotlight before the visit to Japan of Soviet Foreign Minister Eduard Shevardnadze, which begins tomorrow. It gained Y6 to Y441.

Toyobo, the third most active stock with 4.03m shares traded, rose Y4 to Y302, supported by reports that the company, together with the Agriculture, Forestry and Fisheries Ministry, plans to develop technology to mass-produce reverse transcriptase, a special enzyme used widely in biotechnology. The issue jumped Y13 at one stage.

Toyota Motor attracted strong buying interest, adding Y30 to Y1,280. Shikroki leaped Y22 to Y515.

Blue chips weakened on small-lot selling, with Sony losing Y100 to Y3,900, and TDK down Y140 to Y4,050.

Toward the close, however, some banks were bought. Industrial Bank of Japan gained Y30 to Y1,110. Dai-ichi Kangyo and Mitsubishi Bank added Y50 each to Y1,590 and Y1,500, respectively.

Trading was slow in bonds, with investors, depressed by a continued fall in US bond prices, retreating to the sidelines.

The yield on the 6.2 per cent government bond, maturing in July 1995, declined to 5.855 per cent from Friday's 5.870 per cent. But the yield on the 6.6 per cent bond, the benchmark issue until late last year and falling due in December 1994, edged up to 6.000 per cent.

SOUTH AFRICA

THE FIRMER bullion price failed to overcome steady profit-taking among Johannesburg gold shares.

Southvaal lost R5 to R111, Welkom 50 cents to R20, Buffels R2 to R83 and Free State Geduld R2.50 to R68.

Mining financials and most other mining issues mirrored golds. Industrial leader Barlow Rand shed 35 cents to R14.50.

CANADA

A STRONG attempt to shrug off last week's three-session decline was made in Toronto.

Metal and mineral issues displayed early strength, with Placer C$⅛ up at C$24⅞ and Inco C$⅛ ahead at C$18⅞.

Banks traded weaker on interest-rate fears, with Bank of Montreal losing C$⅝ to C$32⅞ and Canadian Imperial Bank of Commerce easing C$½ to C$40½. Montreal turned lower.

EUROPE

Lull sets in after record run to peaks

THE STEAM ran out of last week's record run to peaks, and investors in Europe were content to wait for the air to clear before committing themselves.

Sentiment was obviously affected by last week's sharp drop on Wall Street, but confidence remains, and some bourses are expected to resume their bullish path later this week.

After extending its hours for the last four sessions, Frankfurt returned to its normal trading period as turnover and activity declined. Profit-taking continued, and prices ended mixed with a firmer bias.

The Commerzbank index, recorded at mid-session, faded 16.6 to 2,063.9. Last Wednesday's peak was set at 2,098.8.

Banks, cars, chemicals and steel issues were generally firmer.

VW added DM 8 to DM 545.50, and Daimler made up for some losses last week to close up DM 40 at DM 1,365. But BMW shed DM 1 to DM 635 and Porsche DM 5 to DM 1,346.

Insurer Allianz gained a hefty DM 87 to DM 2,547.

In banks, Deutsche continued to shed some of its recent spectacular gains to end down DM 6.50 at DM 874.50. Dresdner added DM 14.50 to DM 456.50, and Commerzbank edged up DM 2 to DM 346.

Bonds drifted lower on the back of last week's decline on US credit markets and yesterday's stronger dollar. Longer-dated issues shed about 50 basis points, and shorts were about 45 basis points off.

The Bundesbank purchased DM 15.3m worth of domestic paper after selling DM 43.1m worth on Friday.

Nervousness kept Amsterdam lower, and by the end of the session all issues showed substantial net losses.

Among multinationals Hoogovens dropped Fl 2.80 to Fl 83, Unilever Fl 6 to Fl 390 and Akzo Fl 3.10 to Fl 153.20.

Weaker banks included NMB, down Fl 9.50 at Fl 237, and ABN, off Fl 7.50 at Fl 584.

Bonds were lower where changed ahead of an expected new state issue on Wednesday.

Volume in Zurich was down on the furious turnover of last week, but was nevertheless heavy. Profit-taking left issues weaker, and some stop-loss orders were triggered as prices moved lower.

Some dealers expect renewed buying this week as they believe that the current period of consolidation is nearing its end.

The Swiss Bank industrial index dropped to 588.5, down 6.4 from Friday's close.

Banks suffered, with UBS bearer down SFr 80 at SFr 5,200, Crédit Suisse off SFr 20 at SFr 3,730 and Swiss Volksbank SFr 20 lower at SFr 2,510.

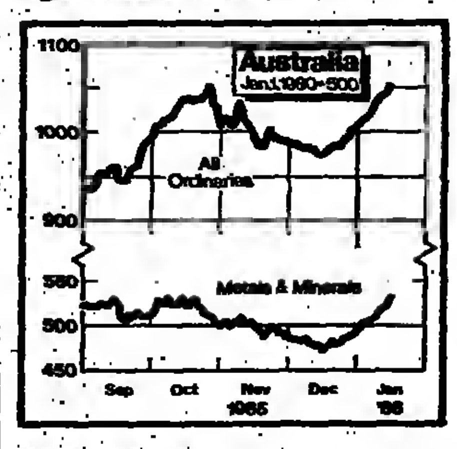
Paris ended sharply lower on profit-taking, and Brussels suffered as investors exhibited caution over the immediate outlook for the Belgian economy.

Demand revived in a bullish Milan, and several major stocks closed at record highs.

Montedison, which is planning a L500bn rights issue of both ordinary and non-voting shares, ended at a high of L2,889, up from L2,795.

Other closing records included Olivetti, up L320 at L9,350, Generali, L1,310 higher at L80,500, and Snia, ahead L86 at L5,683.

A rise in domestic interest rates was discounted in Stockholm where institutions actively bought, pushing prices higher. Madrid was also firm.



AUSTRALIA

BUBBLING overseas interest rekindled Sydney yesterday and took the All Ordinaries index back near record levels with a 6.9 point gain to 1,051.1 compared with its peak of 1,052.

Resource and gold issues were at the heart of the rally, with market leader BHP rising 8 cents to A$8.96 in moderate trading. CSR dipped 3 cents to A$3.70. Bell Resources picked up 6 cents to A$5.86, and North Broken Hill firmed 1 cent to A$2.46 amid bid speculation.

Oil and gas issues ended mixed, with Santos 2 cents cheaper at A$5.42 and Ampol Exploration down 3 cents at A$2.62.

Among industrials IEL advanced 8 cents to A$6.98 while related company Brierley Investments gained 14 cents to A$5.44.

Westpac firmed 6 cents to A$4.58 in heavy turnover of 1.7m shares, a large block of which changed hands in an institutional deal.

LONDON

Short-lived attempt at recovery

ASCENDING interest rates soon doused the early attempt in London to extend Friday's technical recovery, and the session ended sharply lower.

The lack of institutional investors to commit funds by mid-session was the signal for a large-scale retreat that clipped 11.0 off the FT Ordinary index at 1,108.8 while the broader based FT-SE 100 index shed 9.9 to 1,384.6.

Operators were preoccupied with events in other London financial markets. A fresh rise in money-market rates which lifted three-month interbank funds to 13 per cent and a half percentage point above the prevailing level of bank base rates triggered more selling.

The rise in interest rates and a lower exchange rate dulled gilts. Persistent selling found potential buyers backtracking, and falls of a full point were recorded among longs. Shorts lost up to 1⅟₁₆

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SINGAPORE

DIRECTIONLESS trading left Singapore slightly weaker, with the Straits Times industrial index down 1.74 at 636.32.

Price changes were modest although a number of issues suffered some brisk mark-downs. OCBC finished 15 cents off at S$7.25, and Genting settled 12 cents easier at S$4.54.

Losses of 1 cent apiece were recorded by OUB at S$2.56, Sime Darby at S$1.50 and Straits Trading at S$2.23.

Managing to hold steady were UOB at S$3.32, Hong Leong Finance at S$2.40 and Multi Purpose at 56 cents.

HONG KONG

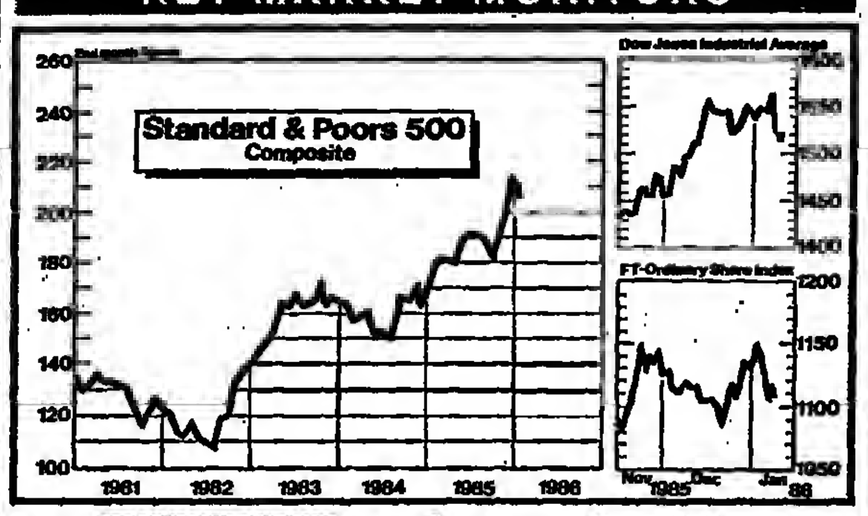
SUSTAINED profit-taking eroded prices in Hong Kong, and the Hang Seng index dipped below the 1,800 level with a 6.33 fall to 1,799.61. Trading remained sluggish.

Utilities bore the brunt of the selling. China Light was 10 cents cheaper at HK$16.20, but Hongkong Electric held steady at HK$8.70.

Swire Pacific fell 50 cents to HK$31.50 and Hutchison Whampoa 30 cents to HK$28.80.

Banks moved against the trend, with Hang Seng leading the way with a 25-cent rise to HK$48.25.

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	Jan 13	Previous	Year ago
DJ Industrials	1,511.01*	1,513.53	1,218.09
DJ Transport	689.58*	686.97	572.52
DJ Utilities	171.52*	172.75	147.26
S&P Composite	205.59*	205.96	167.91
LONDON			
FT Ord	1,108.8	1,119.8	949.3
FT-SE 100	1,384.6	1,394.5	1,248.6
FT-A All-share	672.02	674.87	590.17
FT-A 500	736.23	739.33	646.90
FT Gold mines	300.2	298.4	465.8
FT-A Long gilt	10.69	10.59	10.52
TOKYO			
Nikkei	12,977.02	12,998.21	11,812.24
Tokyo SE	1,029.20	1,029.90	931.39
AUSTRALIA			
All Ord.	1,051.1	1,044.2	730.2
Metals & Mins.	532.9	526.2	409.6
AUSTRIA			
Credit Aktien	125.30	124.95	58.66
BELGIUM			
Belgian SE	2,772.94	2,780.63	2,163.60
CANADA			
Toronto			
Metals & Minls	2,191.1*	2,058.5	1,949.9
Composite	2,818.8*	2,817.6	2,375.7
Montreal			
Portfolio	137.98*	137.84	118.80
DENMARK			
SE	216.85	225.91	160.51
FRANCE			
CAC Gen	273.8	275.3	190.0
Ind. Tendance	103.4	105.4	104.3
WEST GERMANY			
FAZ-Aktien	688.59	689.76	392.27
Commerzbank	2,063.9	2,080.5	1,142.7
HONG KONG			
Hang Seng	1,799.61	1,807.94	1,352.69
ITALY			
Banca Comm.	465.41	459.42	245.21
NETHERLANDS			
ANP-CBS Gen	258.2	261.4	188.8
ANP-CBS Ind	246.9	249.1	151.7
NORWAY			
Oslo SE	400.32	397.15	311.72
SINGAPORE			
Straits Times	638.32	638.06	776.47
SOUTH AFRICA			
JSE Golds	–	1,235.7	1,000.7
JSE Industrials	–	1,112.3	907.2
SPAIN			
Madrid SE	106.98	104.67	107.00
SWEDEN			
J & P	1,880.37	1,861.68	1,441.46
SWITZERLAND			
Swiss Bank Ind	588.5	594.9	402.0
WORLD	Jan 10	Prev	Year ago
Capital Int'l	253.3	253.2	188.8

COMMODITIES

(London)	Jan 13	Prev
Silver (spot fixing)	422.65p	420.85p
Copper (cash)	£988.50	£974.50
Coffee (Jan)	£2,580.00	£2,810.00
Oil (spot Arabian Light)	$27.25	$27.35

GOLD (per ounce)

	Jan 13	Prev
London	$341.00	$340.75
Zürich	$339.60	$340.25
Paris (fixing)	$341.93	$338.40
Luxembourg	$340.55	$339.80
New York (Feb)	$341.50	$343.30

CURRENCIES

	US DOLLAR		STERLING	
(London)	Jan 13	Previous	Jan 13	Previous
$	–	–	1.443	1.4545
DM	2.4635	2.4555	3.5725	3.5725
Yen	202.75	202.1	295.0	294.5
FFr	7.55	7.515	10.96	10.93
SFr	2.094	2.0795	3.04	3.025
Guilder	2.795	2.76	4.065	4.015
Lira	1,680.5	1,670.5	2,443.75	2,429.75
BFr	50.45	49.95	73.35	72.65
C$	1.40175	1.3925	2.0197	2.0313

INTEREST RATES

Euro-currencies (3-month offered rate)	Jan 13	Prev
£	13⅟₁₆	12⅞
SFr	4⁵⁄₁₆	4⅟₁₆
DM	4¹³⁄₁₆	4⅝
FFr	11¹⁵⁄₁₆	12⅛
FT London Interbank fixing (offered rate)		
3-month US$	8⅟₁₆	8⅛
6-month US$	8⅜	8¼
US Fed Funds	8⅟₁₆*	7¹⁵⁄₁₆
US 3-month CDs	7.95*	7.92
US 3-month T-bills	7.22*	7.40

US BONDS

Treasury		Jan 13* Price	Jan 13* Yield	Prev Price	Prev Yield
7⅞	1987	99⅝₃₂	8.329	99¹⁹⁄₃₂	8.258
8⅞	1993	97⅞₃₂	9.239	98⅝₃₂	9.112
9½	1995	100⅞₃₂	9.452	101¹¹⁄₃₂	9.285
9⅞	2015	102²²⁄₃₂	9.59	104	9.468

Treasury Index Maturity (years)	Jan 13* Return index	Day's change	Yield	Day's change
1–30	136.23	−0.28	9.07	+0.06
1–10	133.29	−0.20	8.83	+0.06
1– 3	128.73	+0.02	8.42	+0.03
3– 5	134.95	−0.22	9.03	+0.06
15–30	146.80	−0.54	9.91	+0.05

Source: Merrill Lynch

Corporate	Jan 13* Price	Jan 13* Yield	Prev Price	Prev Yield
AT & T				
10⅜ June 1990	101⅜	9.90	101⅜	9.90
3⅞ July 1990	85.321	7.85	86½	7.45
8¾ May 2000	88⅞	10.25	91⅛	9.75
Xerox				
10⅞ Mar 1993	102⅞	9.75	104⅞	9.35
Diamond Shamrock				
10⅜ May 1993	101	10.30	102	10.20
Federated Dept Stores				
10⅜ May 2013	98⅞	10.75	102	10.40
Abbot Lab				
11.80 Feb 2013	106⅞	11.00	111.00	10.85
Alcoa				
12¼ Dec 2012	106⅞	11.25	108⅞	11.25

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
US Treasury Bonds (CBT) 8% 32nds of 100%				
Mar	82.14	82.18	82.03	83.04
US Treasury Bills (IMM) $1m points of 100%				
Mar	92.89	92.86	92.84	92.92
Certificates of Deposit (IMM) $1m points of 100%				
Mar	92.11	92.13	92.07	92.17
LONDON				
Three-month Eurodollar $1m points of 100%				
Mar	91.80	91.81	91.75	91.94
20-year Notional Gilt £50,000 32nds of 100%				
Mar	107–22	108–25	107–22	109–09

* Latest available figures